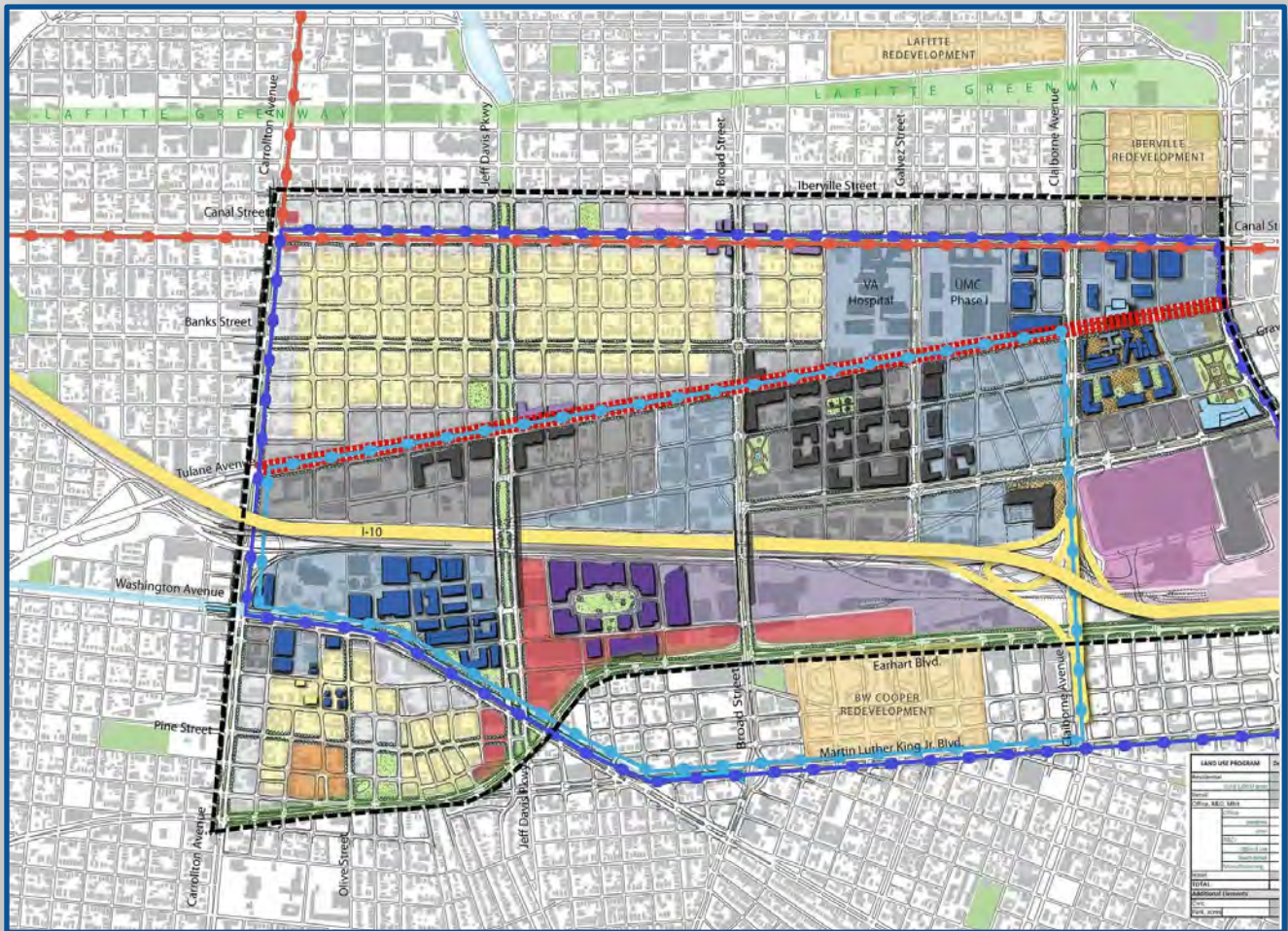


# UNIVERSITY OF NEW ORLEANS / LATTER & BLUM, INC. 2015 ECONOMIC OUTLOOK AND REAL ESTATE FORECAST FOR METROPOLITAN NEW ORLEANS

## FOCUS — HEALTHCARE AND THE DEMAND FOR REAL ESTATE: FOCUS ON THE NEW ORLEANS HISTORIC CENTER

### New Orleans Medical District



Source: New Orleans Business Alliance



THE UNIVERSITY OF  
NEW ORLEANS

Hosted by:  
Institute for Economic Development  
and Real Estate Research  
Executive Partner: Latter & Blum, Inc.



ERA



**2015 UNO/Latter & Blum Economic Outlook & Real Estate Forecast Seminar  
for Metropolitan New Orleans  
University Center Ballroom, University of New Orleans  
2000 Lakeshore Drive, New Orleans, LA 70148  
Friday, May 8, 2015 | 8:30AM – 12:30PM**



**Agenda**

8:00 – 8:30AM	Registration & Networking
8:30 – 8:45AM	Welcome & Opening Remarks Dr. Peter Fos, President, University of New Orleans Dr. John Williams, Dean, College of Business Administration Al Herrera, UNO International Alumni Association
8:45 – 10:15AM	Healthcare and the Demand for Real Estate: A Focus on the New Orleans Historic Center Moderator Dr. Walter “Dub” Lane, Chair, Department of Economics & Finance, University of New Orleans <ul style="list-style-type: none"> <li>• <i>University Medical Center (UMC)/Veterans Administration (VA) Complex Overview, Updates, Timeline and Economic Impacts</i> Speakers: <ul style="list-style-type: none"> <li>• Paolo Zambito, Senior Vice President Strategy &amp; Business Development, Louisiana Children’s Medical Center (LCMC) Health</li> <li>• TBA, Southeast Louisiana Veterans Health Care System</li> </ul> </li> <li>• <i>Impacts of the UMC/VA Complex on the Demand for Residential, Commercial &amp; Institutional Real Estate</i> Speaker: Kurt Weigle, President &amp; CEO, Downtown Development District New Orleans</li> <li>• <i>Impacts of the UMC/VA Complex on Lodging/Hotels &amp; Convention Facilities</i> Speaker: Dr. John Williams, Dean of the College of Business Administration, University of New Orleans</li> </ul>
10:15 – 10:30AM	Break <span style="float: right;">Sponsored by: UNO International Alumni Association</span>
	
10:30AM – 12:30PM	Real Estate Panels: Trends and Outlook Moderator Dr. Robert Penick, Vice President & CFO, Latter & Blum, Inc., Adjunct Professor, University of New Orleans
10:30 – 11:30AM	Residential Real Estate Panel Single Family Richard Haase, President, Latter & Blum, Inc. Apartments Larry Schedler, President, Larry G. Schedler & Associates
11:30AM – 12:30PM	Commercial Real Estate Panel Office Bruce Sossaman, Leasing Director, Corporate Realty Retail Kirsten Early, Director of Leasing, SRSA Commercial Real Estate Warehouse/Industrial David Quinn, President and Managing Broker, Max J. Derbes, Inc.

**Handout Available On-Line at [www.realestate.uno.edu](http://www.realestate.uno.edu)**

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# THE UNIVERSITY OF NEW ORLEANS / LATTER & BLUM, INC.

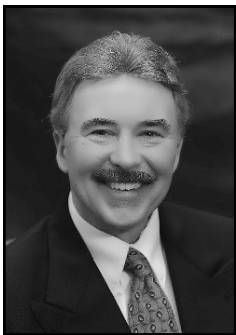
## 2015 Economic Outlook & Real Estate Forecast Seminar

### SPEAKER BIOGRAPHIES



#### **Dr. Peter Fos, President, the University of New Orleans**

Peter J. Fos became the sixth leader and the first president in the history of the University of New Orleans in January 2012. A UNO graduate and New Orleans native, President Fos has extensive experience as an administrator and faculty member with a proven record of conducting research, fundraising, developing collaborative relationships with other academic institutions, and implementing institutional effectiveness and student success programs. Prior to being selected as UNO's president, President Fos was a professor and program director of health policy and systems management at Louisiana State University Health Sciences Center. He was responsible for the academic aspects of the program, including curriculum development and assessment and student and faculty professional development. President Fos previously spent three years as provost and executive vice president at The University of Texas at Tyler. As provost he was responsible for undergraduate and graduate programs, sponsored research, assessment and institutional effectiveness, academic success program, international education, the honors program and the university registrar. In addition, he oversaw five academic colleges, the graduate school, the Robert R. Muntz Library, and the Palestine and Longview campuses. President Fos held the Sam A. Lindsey Endowed Chair, awarded to a recognized scholar in an academic discipline that is of strategic importance to the university. Prior to that, President Fos served as dean of the College of Health at The University of Southern Mississippi for four years. At Southern Miss, he was responsible for undergraduate and graduate programs for 3,000 students in seven departments and schools. Before his tenure at Southern Miss, President Fos also held the position of chief science officer at the Mississippi State Department of Health. President Fos has held faculty positions at the University of Nevada, Las Vegas School of Dental Medicine, where he served as chair of the Department of Clinical Sciences, and Tulane University School of Public Health and Tropical Medicine. He spent 17 years at Tulane University in the Department of Health Systems Management, and served as assistant dean for undergraduate relations. President Fos received his undergraduate degree in biological sciences at UNO, a doctor of dental surgery at LSU Health Sciences Center, and a master of public health and doctor of philosophy in health care decision analysis at Tulane University. He is married to Lori, who is also a UNO graduate.



#### **Dr. John Williams, Dean, College of Business Administration, University of New Orleans**

Dr. John A. Williams became Interim Dean of the College of Business Administration at the University of New Orleans in August 2010. Dr. Williams worked in the hospitality industry for seventeen years managing both chain restaurants and independent restaurants that included a Mobile Guide four-star restaurant. He holds a Ph.D., Master of Science, Bachelors, and Associates Degree, all from the Pennsylvania State University. Prior to joining the University of New Orleans as Director of the Lester E. Kabacoff School of Hotel, Restaurant and Tourism Administration, Dr. Williams served as Director of the Department of Hotel, Restaurant, Institution Management & Dietetics at Kansas State University and as the Coordinator of the Undergraduate Program at Virginia Tech.



#### **Dr. Walter "Dub" Lane, Chair, Department of Economics & Finance and Associate Professor of Economics, University of New Orleans**

Professor Lane is a specialist in Microeconomics and Health Care Economics. Dr. Lane has over 35 years of teaching experience. He is the Chair of the Department of Economics and Finance and the Director of the MS Program in Health Care Management. His current teaching duties are primarily in Health Care Economics, Principles of Microeconomics and Managerial Economics. He has published in leading Economics and Law Journals and has worked on various consulting contracts on Health Policy. He is a frequent commentator on Radio and Television news on economic topics. He also serves on the Board of Slidell Memorial Hospital and on the Slidell Economic Development Advisory Board and is a member of the New Orleans Regional Council for Business Economics. Dr. Lane received his Ph.D. from the University of California, San Diego.



**Paolo Zambito, Senior Vice President Strategy and Business Development, Louisiana Children's Medical Center (LCMC) Health**

Paolo Zambito is Senior Vice President Strategy and Business Development for LCMC Health. Paolo previously served as SVP of Operations at ILH. Prior to joining LCMC Health in June 2013, he served as Chief Executive Officer for Ochsner Medical Center - Kenner. Paolo previously held several leadership positions at Kenner Regional Medical Center, serving as CEO, COO, CNO and Surgical Services/Critical Care Director. He began his career at Charity Hospital of New Orleans, serving as a staff nurse then as head nurse of Charity's Surgical Intensive Care Unit. He was honored as one of the "Great 100 Nurses of 2000" and as a New Orleans CityBusiness "Health Care Hero" for 2013. He is a member of the American College of Healthcare Executives, the Jefferson Chamber of Commerce and the Hispanic Chamber of Commerce of Louisiana. He currently serves on the Boards of 504 HealthNet, PATH, YMCA Diabetes Prevention and the Children's Bureau of New Orleans. He attended the University of St. Francis, where he earned a Master of Science degree in Health Services Administration and a Bachelor of Science degree in Health Arts. He earned his RN diploma from Charity Hospital School of Nursing in 1983.



**Kurt Weigle, President & CEO, Downtown Development District New Orleans**

Kurt Weigle has been President & CEO of the Downtown Development District (DDD) of New Orleans since 2003. During his tenure, the DDD has aggressively implemented its Canal Street Development Strategy resulting in millions of dollars of new residential and retail investment. The DDD's focus on place-based economic development strategies to retain & attract *Industries of the Mind* has led to international recognition of New Orleans as a creative hub, now home to dozens of digital media and tech firms in the Intellectual Property building and The Exchange, among others. Under Mr. Weigle's leadership, the DDD has been instrumental in securing commitment for the new University Medical Center & VA Medical Center. Since 2006, Downtown New Orleans has welcomed over \$3.7 billion of new investment. Mr. Weigle serves on the boards of the International Downtown Association, National New Markets Fund, New Orleans Police & Justice Foundation, Committee for a Better New Orleans, Health Education Authority of Louisiana and New Orleans Medical Complex. Mr. Weigle received the Excellence in Government Award in 2007 from the Bureau of Governmental Research and is a graduate of the New Orleans Regional Leadership Institute. Mr. Weigle earned his Master of Urban Planning and Bachelor of Arts degrees from the University of Michigan in Ann Arbor.



**Dr. Robert Penick, Vice President & CFO, Latter & Blum, Inc.; Adjunct Professor, UNO**

Robert (Bob) Penick joined Latter & Blum in 1989 as Vice President and Chief Financial Officer. In May 2013 he was appointed Senior Vice President, Treasure and Chief Financial Officer. This experience spans forty years in management capacity with companies in New Orleans like A. Copeland Enterprises, Farm Credit Banks of New Orleans, D.H. Holmes Companies and Ingram Corporation. He has served as a Corporate Controller, Director of Finance and as a Treasurer and Chief Financial Officer of these local companies. Bob earned B.S. and M.B.A. degrees from Loyola University and M.Ed. Degree from Our Lady of Holy Cross College and also M.S. and Ph.D. degrees from the University of New Orleans in Urban Studies and Planning. During his tenure with Latter & Blum, Bob has been in charge of financial operations for each company within the Latter & Blum family of companies and is involved in the mergers and acquisitions process. He also manages the corporate insurance, leasing, budgets, planning, human resources and branch operations. Bob serves as an Adjunct Professor of Finance at UNO and is on the Adjunct faculty of the NAR "Realtor University" which offers a master's degree to REALTORS across the country. His military career ended with his retirement from the US Army Reserves as a Lt. Colonel with almost 30 years of service. Bob is a member of the Institute of Management Accountants, the International Association of Financial Planner, the American Real Estate Society and holds a Louisiana Insurance License. In 2011 he was listed as one of the top "Money Makers" in New Orleans by the local journal City Business.





**Richard Haase, President, Latter & Blum, Inc.**

Richard (Rick) Haase is the President of LATTER & BLUM, Inc., the largest full-service Real Estate brokerage in the Gulf South. Established in 1916, the company has grown to include operations in Greater New Orleans, Greater Baton Rouge, Lafayette, Alexandria and Southern Mississippi and handles all phases of residential, commercial, leasing, property management, insurance, appraisals, title and mortgage services. Mr. Haase has been active in residential Real Estate sales, brokerage, and management for more than 33 years. Before being named as President, Mr. Haase served as President of the Latter & Blum Residential Operations, focusing primarily on the three residential companies within the Latter & Blum Family of Companies. Mr. Haase has continued to focus on expanding LATTER & BLUM, Inc. and its Real Estate services in the Gulf South and overseeing the management, staff and Agents of all companies within the brand, which includes 27 offices and over 1,200 Agents and Staff. In this capacity, Rick assumes responsibility for the overall strategic focus, growth and profitability of this historic company. Mr. Haase has extensive expertise in delivering integrated, tailored solutions to Agents and consumers, and he is an established leader in the local and national Real Estate community. He is an expert and frequent lecturer at programs dealing with brokerage leadership and management, strategic planning, management and organizational coaching and development. He is a graduate of the Gestalt Institute's Organizational Systems Development program and he holds numerous Real Estate industry designations. Mr. Haase is on the Board of Directors for the New Orleans Police & Justice Foundation, a member of the Board of Governors for Junior Achievement of Greater New Orleans, Inc., a member of the Business Council of New Orleans & the River Region, a member of Greater New Orleans, Inc.



**Larry Schedler, President, Larry G. Schedler & Associates, Inc.**

Larry G. Schedler has been exclusively representing buyers and sellers of apartment communities for 30 years, and has successfully handled the sale of more than 40,000 multi-family units, with a market capitalization in excess of \$1,000,000,000 in value. Mr. Schedler began his career as an acquisition representative for a private, regional investment firm that specialized in multi-family assets and then as a multi-family broker. Larry formed Larry G. Schedler & Associates, Inc. to specifically represent buyers and sellers of multi-family properties throughout the Gulf South. He has consistently been recognized by various professional organizations as the top multi-family broker in the State of Louisiana and the Gulf South. Larry has successfully represented conventional market-rate buyers and sellers, as well as non-profit housing organizations, institutional investors, insurance companies, and financial institutions. He has experience in working with not only all cash and conventionally financed transactions, but also on tax-exempt and taxable bond transactions, Low Income Housing Tax Credits (LIHTC), Historic Tax Credits and with the various HUD/FHA financing programs. He is a graduate of Loyola University of the South and holds the Certified Commercial Investment Member designation (CCIM). Larry is a licensed real estate broker in Louisiana, Mississippi and Alabama. Larry is a frequent guest speaker as a representative of the local and regional apartment market for The University of New Orleans, as well as numerous professional organizations. He has been a guest on local radio broadcasts and was asked to testify at a Congressional Hearing of the Gulf South Apartment Market in the wake of Hurricanes Katrina and Rita. Larry currently chairs the Board of Directors of Christopher Homes, Inc. and serves on an advisory board of the Willwoods Foundation. Larry is a co-publisher of the Greater New Orleans Multi-Family Report, which is a bi-annual publication on the local multi-family market which provides an overview of rental rates, occupancy and sales and construction activity.



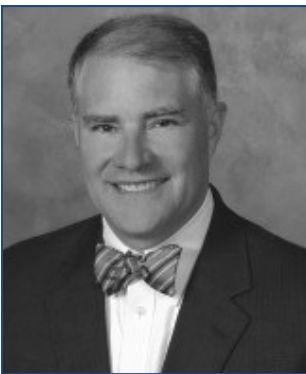
**Bruce Sossaman, Leasing Director/Broker Associate, Corporate Realty**

Bruce has been an active leasing broker in the greater New Orleans area for the past 25 years, during which time he has been responsible for leasing of more than 6.5 million square feet. He has represented both landlords and tenants, and spearheads leasing for the 1.2 million square foot Lakeway Center, achieving 95% occupancy and some of the highest rental rates in Greater New Orleans area. His extensive market knowledge, analytical skills and transaction history give him a unique vantage point which to serve his clients. He has completed tenant representation transactions for companies including IBERA Bank, Dialysis Clinic, Inc., Baptist Community Ministries, Mariner, ORX Resources, Inc., and All Aboard Development Corporation, as well as engineering, legal, energy, and financial services companies. Prior to joining Corporate Realty, Bruce worked with Equity Office for twelve years as Leasing Director for their 2.3 million square foot New Orleans portfolio. Areas of specialization include owner representation, tenant representation, market conditions expert, lease negotiation and restructuring, and lease analysis. Bruce is a member of the Society of Industrial and Office Realtors and local real estate organizations.



***Kirsten Early, Director of Leasing, SRSA Commercial Real Estate***

Kirsten Early joined SRSA Commercial Real Estate in 1998 and has executed real estate strategies for retailers and landlords for the past 12 years. Early specializes in retail and office tenant representation, tenant site selection representation, land assemblage, disposition of property and participation in the re-development of shopping centers. Her expertise lies in leasing programs for national and regional companies. She currently oversees a team of dedicated retail professionals focused on landlord and tenant representation. Early's achievements include: Top Retail Lease (2007 & 2008), Top Office Sale (2004), Largest Special Purpose Sale (2003), CID Achievement Award (2000-2003) and a CCIM Retail Market Forecast Panelist (2001). In 2008, she was voted CCIM chapter president and received the 2008 President's Cup Award. Her performance and dedication during her tenure with SRSA earned her partner status in 2005, making her the youngest partner ever hired by the firm. Early is a graduate of Loyola University of New Orleans and holds a Bachelor of Science and Business Administration (BSBA). In 2002, she received a Certified Commercial Investment Member designation (CCIM), and is a licensed real estate agent in Louisiana. Over the years, Early has amassed an impressive retail tenant client list including: Circuit City, Sports Authority, Cingular Wireless, State Farm Insurance, Raising Cane's, Hancock Fabrics, McDonalds Corporation, AmSouth Bank, AT&T Wireless, State Farm Insurance, Shoney's Corporation and Naked Pizza. In 2005, Early was named one of the top 50 women by CityBusiness.



***David Quinn, President and Managing Broker, Max J. Derbes, Inc.***

As President and Managing Broker of Max J. Derbes, Inc., David has over 30 years experience in the New Orleans commercial real estate market and is consistently among the top producing brokers in the metro area. Since graduation from Tulane University in 1983, he has specialized in the industrial and investment property markets, with a commitment to providing exceptional service and innovative real estate solutions to tenants and purchasers, as well as landlords and sellers. David has also successfully represented many commercial property owners and buyers, and several domestic and international firms seeking large industrial sites along the Gulf Coast. David has been recognized with Outstanding Achievement Awards by the Commercial Investment Division of the New Orleans Metropolitan Association of Realtors each year since 1993 and was further bestowed the Top Industrial Producer award eight of the last twenty years. A past board member of the Louisiana Realtors Association, David holds the prestigious SIOR designation of the Society of Industrial and Office Realtors and is active in the regional chapter, serving various leadership roles including President. He holds a broker's license in Louisiana and Mississippi and is also a licensed auctioneer. For several years, he has been selected as a speaker for the University of New Orleans Economic and Real Estate Forecast, with the metropolitan New Orleans industrial market as his topic. David has been an effective real estate problem solver for many customers over his career as a real estate broker. He has proven himself to be an effective fiduciary representative for clients, whether it be through site/building selection, consulting on market value or negotiating a fair sale or lease price for the party he represents. His attention to detail with the delivery of property information, contract negotiations and follow-through are considered to be his strengths, earning the loyalty and confidence of his clients. Added value for his clients results from direction to appropriate local and state economic incentive programs or connection to representatives that might assist them with the process.

# University Medical Center

Paolo Zambito  
Sr. VP of Strategy and Business Development  
LCMC Health



## Overview

- ▶ \$1.1 billion development
  - Clinic building
  - Diagnostic and treatment building
  - 445-bed patient towers
- ▶ Symbol of commitment New Orleans and the State has made
- ▶ New Orleans is becoming a pioneer in healthcare
- ▶ Adding to the diversity and strength to the local economy
  - Research
  - Clinical trials
  - Destination programs



## UMC KEY MOVE-RELATED ACTIVITIES



- |   |  |   |   |
|---|--|---|---|
| <ul style="list-style-type: none"> <li>• Table Top Exercise</li> <li>• Resident &amp; Faculty Online Training Begins</li> <li>• Move Binders Distributed to Department Directors - binders will include Jacobs' move instructions</li> <li>• Resident Orientation Begins</li> <li>• Faculty Orientation Deadline</li> </ul> | <ul style="list-style-type: none"> <li>• Planning Meeting for Mock Move #2</li> <li>• Mock Move #2</li> <li>• Simulation Activities begin</li> </ul> | <ul style="list-style-type: none"> <li>• Resident &amp; Faculty Online Training Deadline</li> <li>• Final Move Day Prep Meeting</li> <li>• Dept. Specific Orientation &amp; EQ Training Deadline</li> <li>• Training for Patient Move Day Team</li> <li>• Command Center Systems Check</li> </ul> | <ul style="list-style-type: none"> <li>• UMC Opens - <i>The Future of Healthcare is Here!</i></li> <li>• PATIENT MOVE - <i>4 am to Completion</i></li> <li>• Clinic Move</li> </ul> |
|---|--|---|---|



## Delivering on a Mission

- ▶ Create a world class Academic Medical Center in partnership with LSU and Tulane
- ▶ Premier site for medical education
  - Attracting the best and brightest faculty, residents, and students
- ▶ Become recognized nationally as the leader in patient care, education and research
- ▶ Compete effectively in the marketplace
  - Balanced and robust clinical portfolio including unique destination services
- ▶ Be the regional referral center for tertiary and quaternary care
- ▶ Establish a clinical trail research program to offer our patients leading edge care and enable our faculty to compete on a national landscape
- ▶ Level I Trauma Center



## Providing Economic Stimulus

- ▶ 78% of the contractors are from Louisiana
- ▶ 15,000 individual workers had a role in construction
- ▶ Faculty recruitment will be ongoing
  - Supporting unique centers of excellence
- ▶ UMC, VA, and related BioDistrict private investments are expected to generate \$9.6 billion in personal earnings over the next 20 years and create more than 17,000 total jobs [LSU System Office of Health Affairs and Medical Education]



## Destination Programs

- ▶ ENT / Skull Base
- ▶ Trauma Expansion
- ▶ Burn Unit
- ▶ Neuro Sciences (Medical and Surgical)
- ▶ Cancer
- ▶ Clinical Trials
- ▶ Research



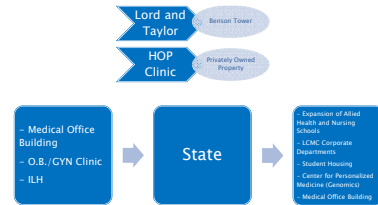


## Retail

- ▶ 15,445 SF available
  - Ground floor of the Utility Building
  - Corner of Tulane Avenue and Claiborne
- ▶ 13,212 SF available
  - Ground floor of the Parking Garage on Tulane Avenue
- ▶ Interested Retailers
  - Fitness Center
  - Coffee Shop
  - Restaurants
  - Uniform Shop
  - Medical Retailers
  - Day Care
  - Fast Food Restaurants



## Repurposing of Current Leased Sites



## Questions for the Group

- ▶ Have we seen the crest of property values?
- ▶ Are property owners holding to sell or develop?
- ▶ Was the Carrolton development spurred by the BioDistrict development?
- ▶ What real estate trends are we seeing from the Carrolton growth and the development of the BioDistrict?
- ▶ What has been the demand for housing?
  - Employees prefer to live close to work



Thank you!




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2015 UNO/Latter & Blum Economic Outlook & Real Estate Forecast Seminar


## UMC/VA Impacts in Residential & Commercial Real Estate

Kurt M. Weigle  
President & CEO



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### Downtown New Orleans



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### Who We Are

**DDD Mission:**  
To drive the development of Downtown New Orleans and be the catalyst for a prosperous, stimulating, innovative heart of the Crescent City.

**We do this by:**

- Cultivating economic development in such industries as bioscience, the arts, digital media and tourism
- Ensuring Downtown is clean and safe
- Serving as a voice and advocate for Downtown's future
- Promoting Downtown as a world-class destination for residents and visitors

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### DDD Programs

**Economic Development**

- Policy Initiatives
- Planning
- Development Facilitation
- Direct Incentives
- Retail Support
- Market Analysis



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### DDD Programs

**Clean and Safe**

**Public Safety Initiatives**

- DDD Rangers
- Police Details



**Public Space Operations**

- Enhanced cleaning services
- 24 hours a day, 7 days a week



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### DDD Economic Strategy

- 11-member Board of Commissioners set out to identify target industries for post-Katrina Downtown
- Recognizing the shift away from more traditional industries, they identified three target **Industries of the Mind**:
  - Bioscience
  - Digital Media
  - Arts-based Business
- A comprehensive 5-year strategic plan was created to support the attraction & retention of these core industries

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## UMC and VA Hospitals



- \$2.1 billion project
- Annual \$1.26 billion economic impact
- Expected to create more than 3,000 permanent jobs
- 7,000 jobs retained
- Average salary \$90k
- UMC full occupancy Spring 2015.



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## Creative Class Market Research

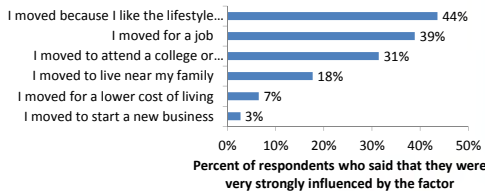


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### What Matters

## What Really Matters

- Lifestyle and jobs matter.
- Low cost of living doesn't matter as much.



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### What Matters

## Diversity

- Diversity of micro-neighborhoods
  - Places to explore.
- Diverse micro-cultures:
  - Places to belong.
- Authenticity of the place
  - Is it unique and interesting?
- Diverse and plentiful options for jobs



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### What Matters

## Convenience

- Convenient access to reliable public transportation
  - Direct flights also matter
- "Everything I want" in a small walkable radius
  - All services and shopping I need within walking distance.
  - Diversity of specialty shopping options
- "Third Spaces" to work and play
- Internet access available everywhere



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### What Matters

## Environmental Quality

- Green Space is essential
  - A place to both work and play
- Public fountains and waterfront access are desirable
- Safety & Cleanliness
- Climate



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## Downtown by the Numbers

- **\$6.5 billion** in investment since 2005
- **\$1.2 billion** in real estate development assisted by LA Historic Tax Credit
- Largest employment center in Louisiana with more than 62,000 jobs
- 43 national retailers added in last 12 months including Neiman Marcus, Tiffany & Co, The Art of Shaving and many more
- 133,798 people Downtown on an average weekday
- 176 restaurants and 32 sidewalk cafes
- Over 30% of "Vacant and Underutilized Properties" are currently either redeveloped or under development in the last year



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## Downtown by the Numbers

- 5,100 residents Downtown core/ 40,000 in Greater Downtown area
- 3,571 residential units; 1,700 units in the pipeline
- 98% residential occupancy
- Rents rising past \$2.00 per square foot



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## Stakeholder Satisfaction

Q: What is your opinion of Downtown

	2009	2014	% Change
Positive	48%	67%	↑ 39%
Neutral	39%	26%	↓ 34%
Negative	13%	7%	↓ 46%



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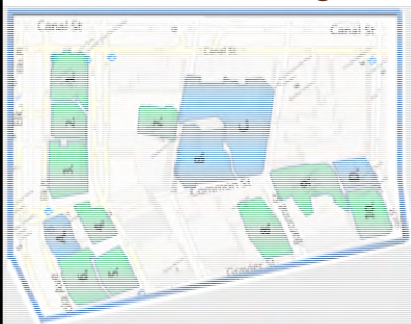
## Residential Developments



281 St. Charles Ave., Ste 1812, New Orleans, LA 70178  
 P: 504-581-8821 F: 504-581-1788  
 downtownnola.com

downtownto.com

## Gravier-Common Neighborhood



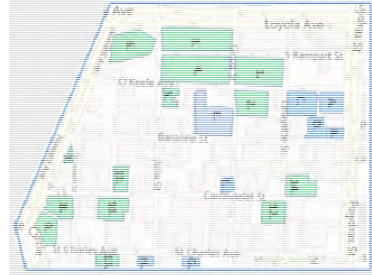
- Under Construction, Financed, Planned**
1. Love's State Theatre
  2. 144 Elk Place
  3. 1111 Tulane
  4. 1100 Tulane
  5. Rault Building
  6. 234 Loyola
  7. Orpheum Theatre
  8. 225 Baronne
  9. FNBC Building
  10. Cotton Exchange

- Existing, Recently Completed**
- |                        |                        |
|------------------------|------------------------|
| A. Saratoga Residences | C. Roosevelt Hotel     |
| B. 925 Common          | D. Maritime Residences |



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## Lafayette Square & Warehouse District Neighborhoods



- Existing, Recently Completed**
- A. 925 Poydras
  - B. 900 Poydras renovations
  - C. Civic Theatre
  - D. Civic Labs
  - E. Rouses Market
  - F. Most Bower residences
  - G. Aunt Sally's
  - H. 13 Sisters of Julia

- Under Construction, Financed, Planned**
1. South Market - Poydras
  2. South Market - The Park
  3. South Market - A
  4. South Market - The Beacon
  5. Madam Julia's Guest House
  6. Plaza Tower
  7. Triangle Building
  8. Canary & Hospitality Institute
  9. GNO Foundation
  10. Sewer's Garage
  11. Jack's Candy
  12. 600 Carondelet
  13. The Advocate New Orleans
  14. Drury Hotel Expansion



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## South Market District



- Mixed-use development combining luxury apartments, retail, restaurants and entertainment venues
- Over 700 new luxury apartments
- 200,000 square feet of retail space including a 40,000 SF full-service gourmet grocer
- 1,300 garage parking spaces



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## New Orleans Office Space

	2004		2014	
	Occupancy	Avg. Rate	Occupancy	Avg. Rate
New Orleans	86.1%	\$15.35	88.5%	\$18.77
CBD Class A			89.6%	\$18.69

While lease rates for office space in New Orleans have not risen dramatically over the last ten years (since just before Katrina), they have recovered and risen by about 20% over the ten year period and occupancy rates have stabilized and are improving somewhat.



downtownto.com

## New Apartments In or Near Downtown

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
New Apartments	703			296		213		1228	684	373	694	495	56	683
Cumulative	703	703	703	999	999	1212	1212	2440	3124	3497	4191	4686	4742	5425



downtownto.com

## Representative Downtown Residential Rent and Occupancy (including income-restricted units)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Rent PSF	\$1.25	\$1.25	\$1.28	\$1.43	\$1.58	\$1.59	\$1.56	\$1.46	\$1.50	\$1.60	\$1.73	\$1.83
Occupancy	92%	92%	92%	92%	91%	88%	86%	95%	97%	97%	95%	95%



downtownto.com

## Current + Quoted Downtown Residential Rents

Sample:

- Four Winds
- The Paramount
- The Strand

- 1BR Sample → \$1.74 – \$2.70 per square foot
- 1BR Median → \$2.30 per square foot



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## Brain Trust Insights

*“Although for years we have been anxiously anticipating the opening of the new hospitals, our downtown is prospering without their impact. That said, I believe that we have just scratched the surface with the growth we have experienced to date, and the new medical centers will lead the next wave of interest in downtown New Orleans.”*  
 – Marcel Wisznia, President, Wisznia | Architecture + Development

*“Assuming the two hospital projects actually create NEW Jobs, I expect that a portion of these new households will choose to live within the DDD & immediate vicinity. The success of the DDD is contingent upon quality of life, a safe walkable 24/7, live, work and play environment and programmed green space in multiple locations.”* – Brian Gibbs, Owner, Brian Gibbs Development



downtownto.com



## Downtown Proud!

DOWNTOWN DEVELOPMENT DISTRICT NEW ORLEANS

## Homeless Outreach Team

- Permanent Supportive Housing (PSH)
  - Pairs “housing first” with social services
  - DDD Invited Common Ground/Community Solutions to New Orleans
  - 211 units of project-based PSH
  - 2400 total PSH vouchers (all in use)
- Mayor’s 10-Year Plan to End Homelessness
  - Key role in planning and implementation
- Downtown/Home Partnership
  - Fulltime targeted homeless outreach
  - Grant funds for rapid re-housing
  - 38 housed in first 5 months
- Low Barrier Outdoor Shelter

DOWNTOWN DEVELOPMENT DISTRICT NEW ORLEANS

## Downtown Elementary School

- Families want to stay Downtown
- DDD working with two potential operators

DOWNTOWN DEVELOPMENT DISTRICT NEW ORLEANS

## Green Space Initiative

- Quality of place matters more than ever to residents, workers, and visitors
- Partners: ULI, AIA, ASLA, APA
- ULI Technical Assistance Panel (TAP)
  - DDD should manage more public space Downtown
  - Prepare a Green Space Master Plan
  - Start with Duncan Plaza
- Master Plan elements
  - o Dog park/run
  - o Children’s playground
  - o Parks/Plazas
  - o Neutral grounds
  - o Rooftops
  - o Storm water management

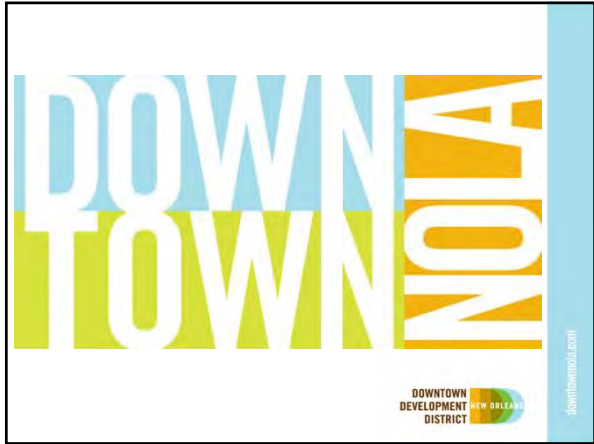
DOWNTOWN DEVELOPMENT DISTRICT NEW ORLEANS

## The Astor Crowne Plaza (700 Block of Canal St.)

DOWNTOWN DEVELOPMENT DISTRICT NEW ORLEANS

## Canal Street Upper Floor Development

DOWNTOWN DEVELOPMENT DISTRICT NEW ORLEANS



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2015 Economic Outlook  
&  
Real Estate Forecast

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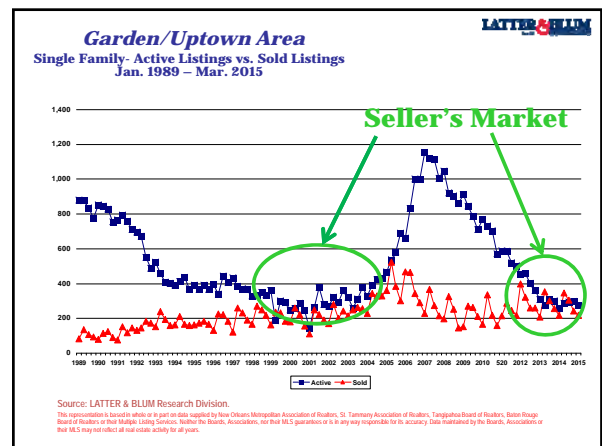
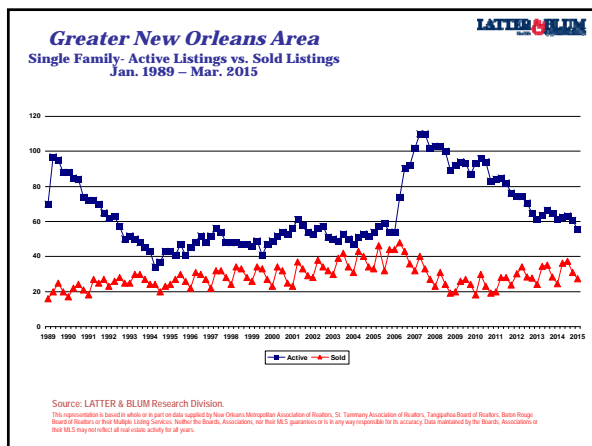
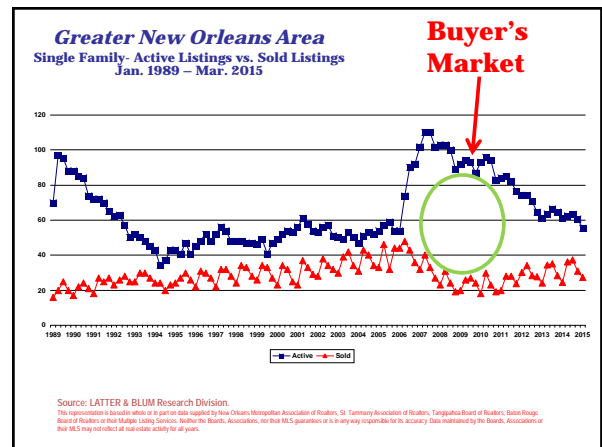
Information provided by the LATTER & BLUM Research Division

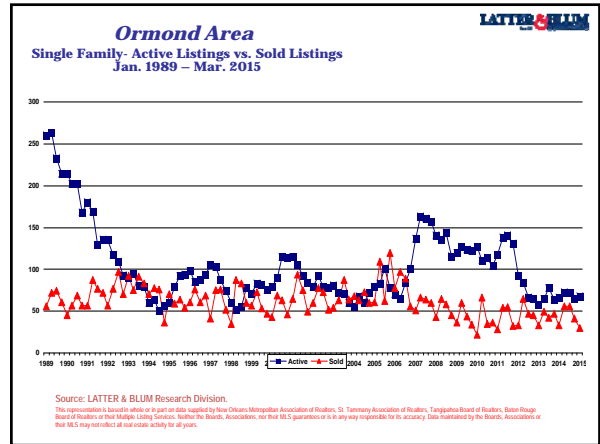
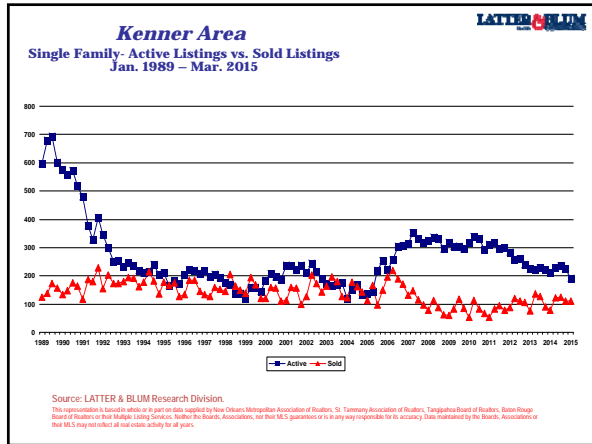
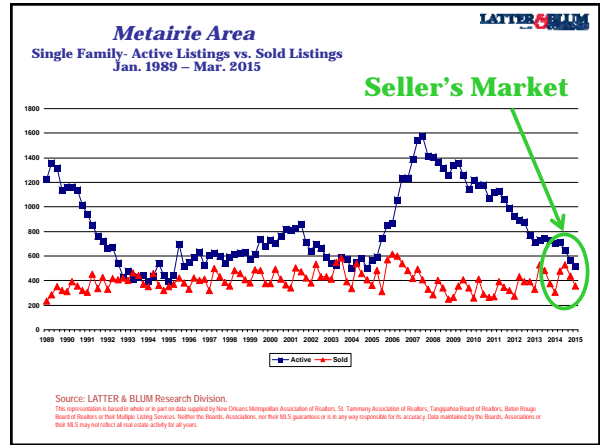
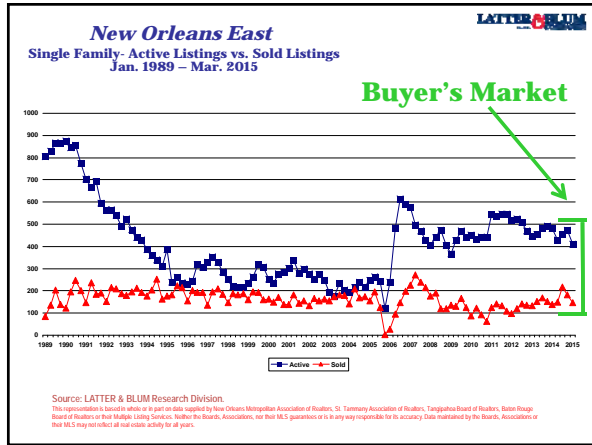
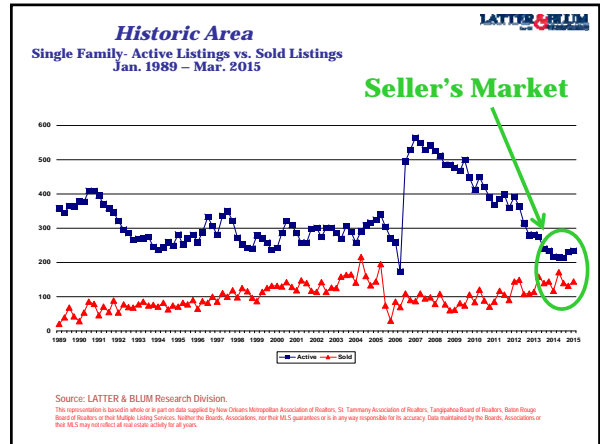
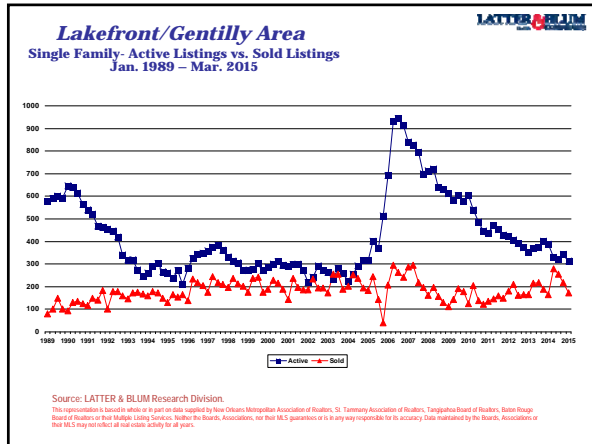
Historically, housing leads us into the recession and historically, housing leads us out of the recession.

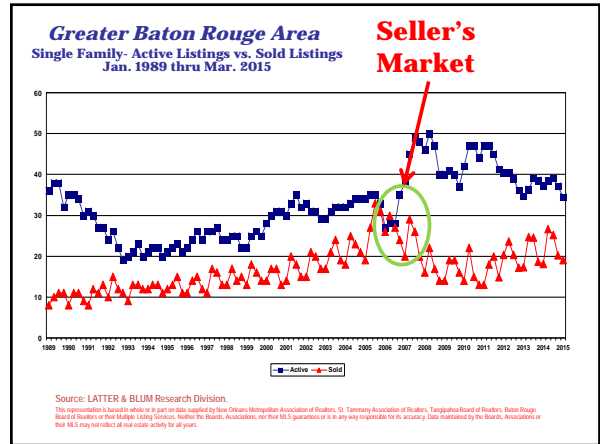
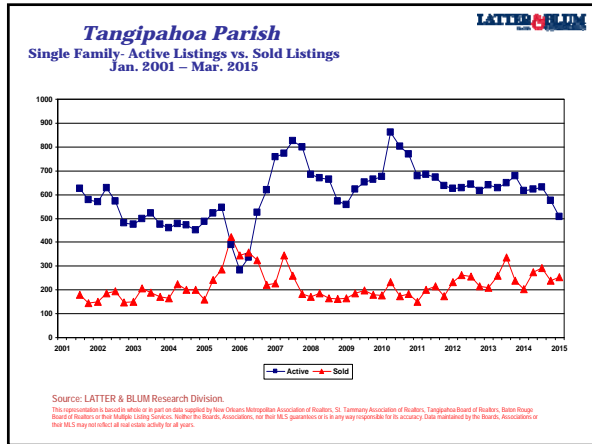
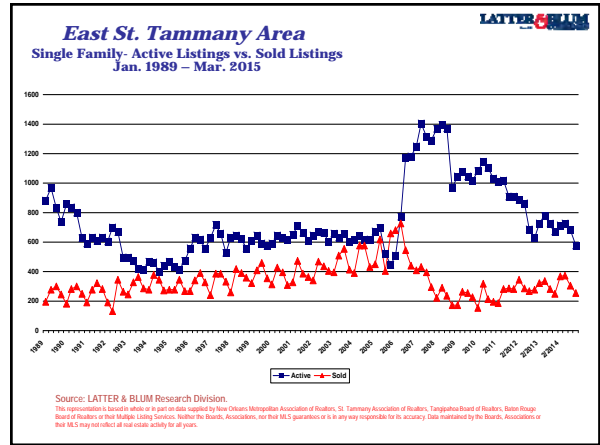
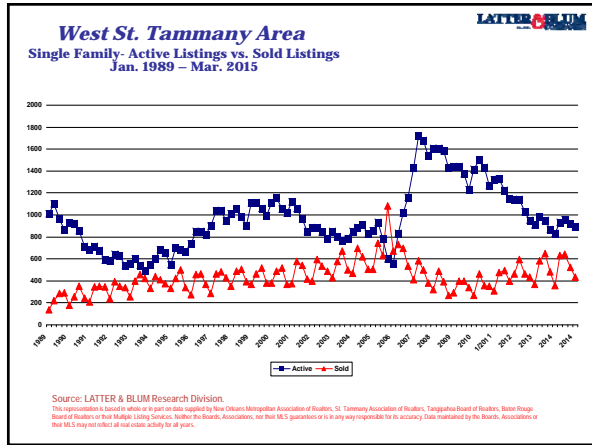
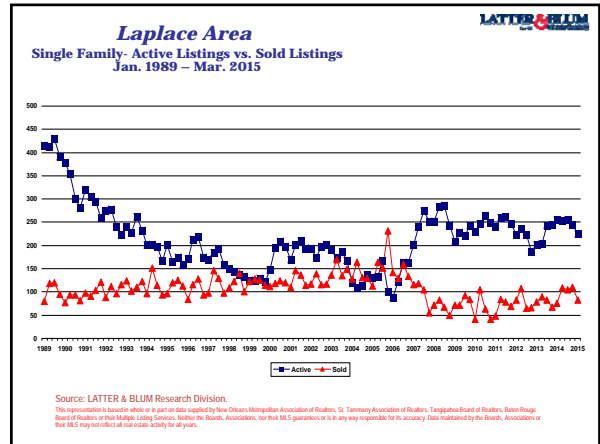
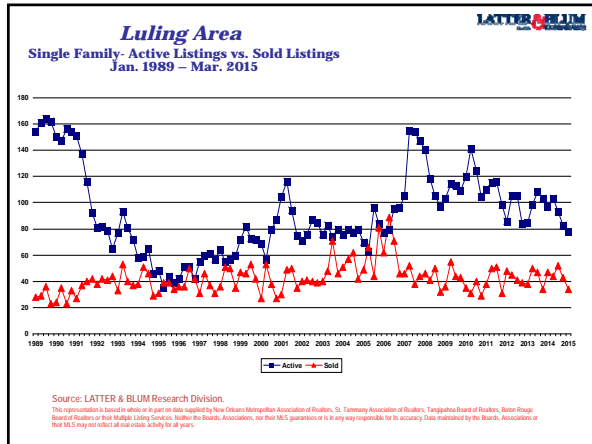
Information provided by the LATTER & BLUM Research Division

### Typical Phases of Real Estate Market

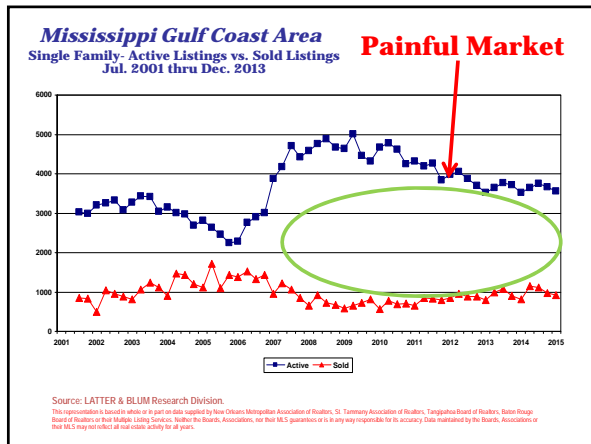
- Phase I PEAK**  
Unit Sales Increasing ↑ Prices Increasing ↑ Inventory Decreasing ↓
- Phase II CORRECTION**  
Unit Sales Decreasing ↓ Prices Increasing ↑ Inventory Increasing ↑
- Phase III TROUGH**  
Unit Sales Decreasing ↓ Prices Decreasing ↓ Inventory Increasing ↑
- Phase IV RECOVERY**  
Unit Sales Increasing ↑ Prices Decreasing ↓ Inventory Decreasing ↓











### Key Indicators From 2010 - 2015

**Unit Sales**

First 3 months	2015	2014
	6,844	5,944

- 2014 – 30,322
- 2013 – 30,356
- 2012 – 26,880
- 2011 – 24,270
- 2010 - 21,954

**79% Increase in Unit Sales Over Past Five Years!**

### Key Indicators From 2010 - 2015

- Unit Sales**  
from 21,954 to 30,322 ↑ 79%
- Average Sale Price**  
from \$197,300. to \$212,610 ↑ 7.8%
- Months of Available Inventory**  
from 10 to 5 ↓ 50%

### Top Expected Influencers 2015

- Consumer Confidence
  - Jobs - “will I have one”
  - Price stability - “will I overpay if I act now”
- Mortgage Interest Rates – For how long?
- October 2014 Fed Reserve ends bond buying
- Continued “burn off” to shortage of excess inventory

Source: LATTER & BLUM Research Division

**TRENDS**

### G.N.O. Foreclosure Actions -2014 (pre-foreclosure, auction date set, bank owned)

- Jefferson – 1 in 836
- St. Tammany – 1 in 1,034
- St. John – 1 in 1,250
- St. Charles – 1 in 1,334
- St. Bernard – 1 in 1,677
- Orleans – 1 in 2,641
- Nation – 1 in 1,295
- Highest (worst) - Maryland – 1 in 564
- Lowest (best) - N. Dakota 1 in 64,942

Source: LATTER & BLUM Research Division

### Potential Serious Issues for Housing

- Oil price falls and layoffs
- Loss of Home Mortgage Tax Deductibility
- Elimination of the GSE’s (Freddie Mac & Fannie Mae) as Mortgage Financing Market Makers

Source: LATTER & BLUM Research Division

## Greater New Orleans Today...

Rates are low...  
Job creation is happening...  
Consumer confidence improving...  
Demand is high and underserved...  
These ARE the good old days  
and yes... housing will peak.

Information provided by the LATTER & BLUM Research Division



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Institute for Economic Development & Real Estate Research

**Thank You.**

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Information provided by the LATTER & BLUM Research Division

# Metro New Orleans Multi-Family Market

-- An Overview --



UNO Real Estate Market Forecast  
May 8, 2015

Larry G. Schedler Associates, Inc.  
Multifamily Acquisitions and Dispositions

# Metro New Orleans Snapshot

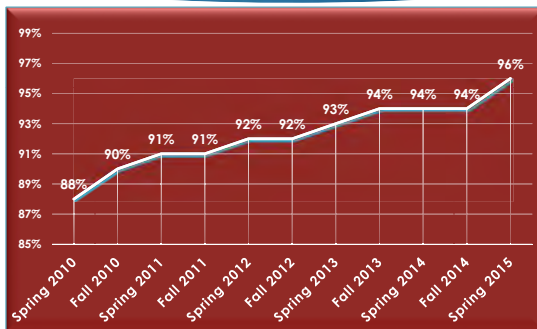
Occupancy: 96%

Average Rents: \$919

Average Rent/Sq Ft: \$1.06

Larry G. Schedler Associates, Inc.  
Multifamily Acquisitions and Dispositions

# Occupancy – A 5 Year Perspective



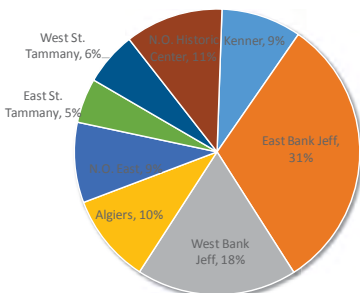
Larry G. Schedler Associates, Inc.  
Multifamily Acquisitions and Dispositions

# Submarket Occupancy

Submarket	Average Occupancy Rate
<b>ORLEANS</b>	
Historic Center	97%
New Orleans East	94%
Algiers	95%
<b>JEFFERSON</b>	
West Bank- Jefferson Parish	95%
East Bank- Jefferson Parish	97%
Kenner	83%
<b>ST. TAMMANY (East and West)</b>	94%

Larry G. Schedler Associates, Inc.  
Multifamily Acquisitions and Dispositions

# Metro New Orleans Multi-Family Inventory



Kenner	9%	4,356
East Bank Jefferson*	31%	14,508
West Bank Jefferson	18%	8,214
Algiers	10%	4,737
New Orleans East	9%	4,274
East St. Tammany*	5%	2,315
West St. Tammany	6%	2,642
N.O. Historic Center*	11%	5,143
<b>Total</b>		<b>46,189</b>

\*New Construction Activity

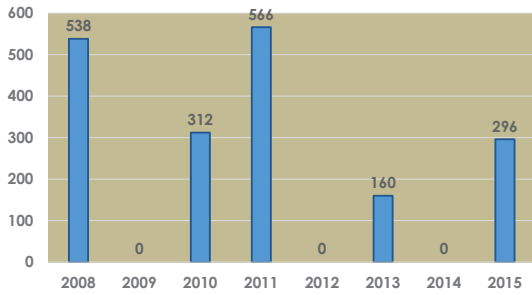
Larry G. Schedler Associates, Inc.  
Multifamily Acquisitions and Dispositions

# Historic Center – New Unit Inventory 2008 - 2015



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## St. Tammany – New Unit Inventory 2008 - 2015



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## Metro Average Rents

Submarket	Average Monthly Rent
ORLEANS	
Historic Center	\$1,416
New Orleans East	\$706
Algiers	\$743
JEFFERSON	
Gretna, Harvey, Terrytown	\$837
Metairie	\$795
Harahan	\$973
Kenner	\$827
ST. TAMMANY (East & West)	\$1,032

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Multifamily Acquisitions and Dispositions

## Factors Row Historic Center



- Developer: Corporate Realty
- Units: 49 (All Market Rate)
- 10,264 SF Commercial space
- Total Cost: \$13 Million
- Occupancy: December 2015

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Multifamily Acquisitions and Dispositions

## The Beacon at South Market Historic Center

- Developer: The Domain Companies
- Units: 124 (All Market Rate)
- Mixed Use Development
- Financing: Conventional
- Early 2016 Completion



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Multifamily Acquisitions and Dispositions

## Four Winds Historic Center



- Developer: Kailas Companies
- Units: 260 (Market Rate)
- Retail/ Commercial Space: First 5 Floors
- Total Project Cost: \$65 Million
  - \$44 Million (1<sup>st</sup> Mortgage)
  - \$21 Million Federal Historic & New Market Tax Credits
- Lender/ Tax Credit Investor: FNBC



Larry G. Schedler Associates, Inc.  
Multifamily Acquisitions and Dispositions

## Springs of Fremaux at Towne Center Slidell, LA



- Developer: Continental Properties, Inc. Milwaukee, WI
- Units: 296 (Market Rate)

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Multifamily Acquisitions and Dispositions



[www.larryschedler.com](http://www.larryschedler.com)





# New Orleans Retail Market Overview

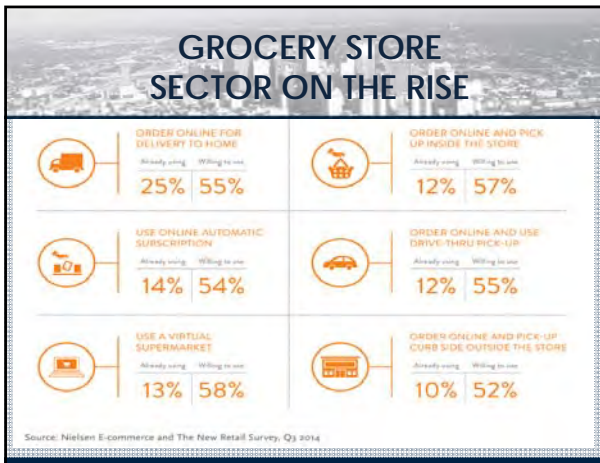
presented by Kristen Kelly, CMRA with **TESA COMMERCIAL REAL ESTATE** creating value for our clients

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# NATIONAL RETAIL TRENDS

- GROCERY SECTOR ON THE RISE
- URBAN DEVELOPMENT
- STORE OPENINGS
- STORE CLOSURES
- EXPERIENTIAL RETAIL
- BRICKS & MORTAR VS. E-COMMERCE
- MILLENNIALS
- CLASS A VS. EVERYTHING ELSE



## GROCERY STORE SECTOR ON THE RISE

 <p><b>ORDER ONLINE FOR DELIVERY TO HOME</b></p> <p>Already using: <b>25%</b>   Willing to use: <b>55%</b></p>	 <p><b>ORDER ONLINE AND PICK UP INSIDE THE STORE</b></p> <p>Already using: <b>12%</b>   Willing to use: <b>57%</b></p>
 <p><b>USE ONLINE AUTOMATIC SUBSCRIPTION</b></p> <p>Already using: <b>14%</b>   Willing to use: <b>54%</b></p>	 <p><b>ORDER ONLINE AND USE DRIVE-THRU PICK-UP</b></p> <p>Already using: <b>12%</b>   Willing to use: <b>55%</b></p>
 <p><b>USE A VIRTUAL SUPERMARKET</b></p> <p>Already using: <b>13%</b>   Willing to use: <b>58%</b></p>	 <p><b>ORDER ONLINE AND PICK-UP CURB SIDE OUTSIDE THE STORE</b></p> <p>Already using: <b>10%</b>   Willing to use: <b>52%</b></p>

Source: Nielsen E-commerce and The New Retail Survey, Q3 2014



## GROCERY STORE SECTOR ON THE RISE

- Shopping across Multiple Channels
- Private Label Gaining Popularity
- Product Curation
- Fresh Produce - "Make it Fresh"
- Shop and Socialize
- Information is Key



## URBAN DEVELOPMENT

- Urban Development On the Rise
  - South Market District
  - Magnolia Marketplace
  - 1200 Poydras
  - Outlet Collection/ Riverwalk



## STORE OPENINGS





## STORE CLOSURES



Simply  
Fashion



WORLD MARKET



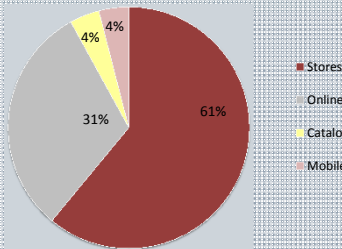
Office DEPOT

## EXPERIENTIAL RETAIL



- Brand Experience
- Physical Design
- Socially Integrated Tech.

## BRICKS & MORTAR RETAIL



## MILLENNIALS



- Retailers are Marketing to the Millennial Demographic
- Millennials desire interaction with Retailers via Twitter, Facebook, Instagram and Snap Chat
- Millennials are passionate about company values
- What is Fitspiration and Philanthro-Me?

## SHOPPING CENTER SALES

- STIRLING SHOPPING CENTER - I-12/AIRPORT - SLIDELL  
- \$14.6 MILLION - \$105/SF
- KMART - VETERANS MEMORIAL - METAIRIE  
- \$16.5 MILLION - \$150/SF
- VILLAGE AT NORTHSORE - NORTHSORE BLVD.  
- \$ 9.7 MILLION - \$68/SF
- CHALMETTE PLAZA - JUDGE PEREZ DRIVE - CHALMETTE  
- \$13 MILLION - \$94/SF
- PETCO/DOLLAR TREE - WILLIAMS BOULEVARD  
- UNDER CONTRACT
- HIGHLAND SQUARE SHOPPING CENTER (BREAUX MART) - JEFFERSON HWY.  
- \$9.3 MILLION - \$150/SF
- MANHATTAN PLACE - HARVEY - \$18.5 MILLION  
- \$135/SF

## PREDICTIONS



2015 UNO/Latter & Blum  
Economic Outlook & Real Estate  
Forecast Seminar for  
Metropolitan New Orleans

**COMMERCIAL REAL ESTATE PANEL  
RETAIL**

Presented to you by:

Kirsten Early, CCIM  
Partner/Director of Retail with  
SRSA COMMERCIAL REAL ESTATE

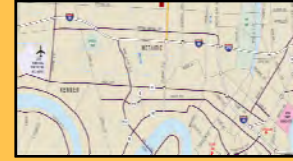
**NEW ORLEANS  
RETAIL OVERVIEW**

## CBD & Metairie Office Markets



## Greater New Orleans Occupancy Up in 2014

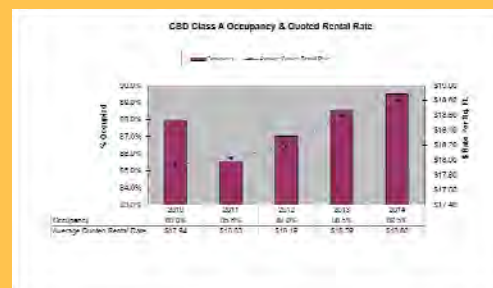
- GNO Occupancy up-  
86.5% 2013,  
87.7% 2014
- GNO Absorption-  
207,000 sq. ft. in 2013,  
200,428 sq. ft. in 2014
- CBD Absorption-  
164,000 sq. ft. 2013,  
148,613 sq. ft. 2014
- Jefferson Absorption-  
43,000 sq. ft. 2013,  
49,149 sq. ft. 2014



## CBD Office Market

Class	Area	Percent Leased
*Class A & B	10.5 M sq. ft.	85% in 2013, 87% in 2014
*Class A -	8.8 M sq. ft.	89% in 2013, 90% in 2014 Absorption 93,000 sq. ft. Rent \$16.50 - \$21.00
*Class B -	1.6 M sq. ft.	67% in 2013, 71% in 2014 Absorption 56,000 sq. ft. Rent \$14.50 - \$17.50

## CBD Class A 2010 - 2014



## CBD Class B 2010 - 2014

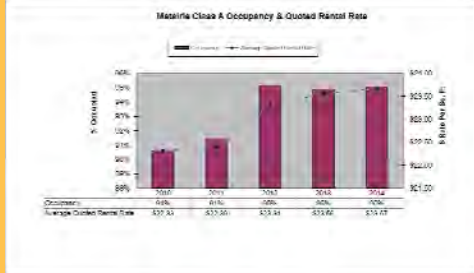


## Metairie Office Market

Class	Area	Percent Leased
*Class A & B	3.4 M sq. ft.	94% in 2013, 94.1% in 2014
*Class A -	2 M sq. ft.	95% in 2013, 95.2% in 2014 Absorption 6k sq. ft. Rent range \$21.00 - \$25.00
*Class B-	1.4 M sq. ft.	92% in 2013, 92% in 2014 Absorption 23k sq. ft. Rent range \$17.00 - \$20.00

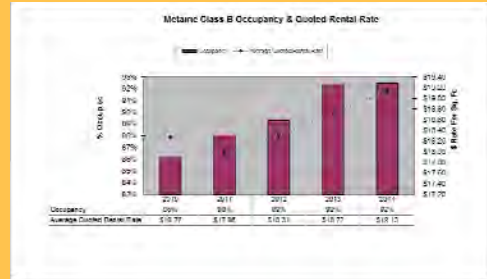


## Metairie Class A 2010 - 2014



CORPORATE REALTY

## Metairie Class B 2010 - 2014



CORPORATE REALTY

## CBD Office Significant Lease

### 1615 Poydras Building

- Freeport-McMoRan
- Renewal/Expansion, 210,000 sq. ft.
- 10 year lease
- Expiring 2026



CORPORATE REALTY

## CBD Office Significant Lease

### Pan American Life Center 601 Poydras Street

- Pan American Life Insurance Group
- Renewal/Restructure
- 75,000 sq. ft.
- 7 year term
- Expiring 2024



CORPORATE REALTY

## Non-CBD Office Significant Lease

### Information Technology Center #4 Building UNO Research and Technology Park

- Whitney Bank
- New (relocation from bank owned facility)
- 104,000 sq. ft.
- 10 year term
- Commencing May 2015

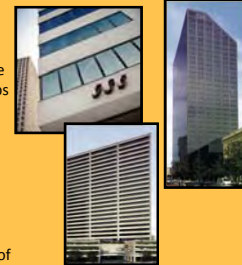


CORPORATE REALTY

## CBD Future Space Reductions

### Office Space tied to BP Oil Spill

- Claims and legal proceeding winding down
- Approximately 100,000 sq. ft. of office space leased in CBD to BP related groups
- BP space expected to come back on market over the next 24 months



### Veteran Administration Office Space

- VA medical center estimated completion date mid 2016
- VA leases over 90k sq. ft. of office space in CBD, expect partial reduction of space within 18 months

CORPORATE REALTY



## Metairie Office Significant Leases

### Galleria

- Humana
- Renewal 45,270 sq. ft.

Humana



### Heritage Plaza

- Arthur Gallagher
- Renewal
- 12,785 sq. ft.

CORPORATE REALTY

## Metairie Office Significant Leases

### Two Lakeway

- Sessions Law Firm
- Renewal, 12,000 sq. ft.



### Causeway Plaza

- Project Consulting
- Renewal, 22,320 sq. ft.



### 3421 N. Causeway

- Blue Williams
- Renewal, 34,000 sq. ft.

CORPORATE REALTY

## CBD Office Building Under Contract

### One Shell Square

- Size – 1,256,991, part of a larger portfolio sale
- Shell renewed lease for 600,000 sq. ft. commencing in January 2017
- Seller - Equity Commonwealth
- 96% leased
- EQC purchased in August 2011 for \$81.15 psf
- Expected to close in 2<sup>nd</sup> Qt.



EQC

CORPORATE REALTY

## CBD Re-Development – Over 1.4 M Sq. Ft. Office Supply Reduction Continues

### 1250 Poydras Building

- Floors 11 – 17, 134k sq. ft., converted to 194 room Hyatt House hotel, 32% of building
- Part of ENI lease terminated for deal



### 600 Carondelet

- 110,000 sq. ft. conversion to 234 room hotel, plus additional building construction



### 225 Baronne Building

- 422,000 sq. ft. conversion to 188 room Aloft Hotel, 187 apartments and parking

### 210 Baronne Building

- 400,000 sq. ft. conversion to apartments, ground floor retail

CORPORATE REALTY

## CBD Re-Development - Over 1.4 M Sq. Ft. Office Supply Reduction Continues

### 1111 Tulane

- 192,000 sq. ft. conversion to 155 apartments and ground floor retail

### 234 Loyola

- 104,000 sq. ft. conversion to 80 apartments

### 902 Perdido (Factors Row)

- 71,000 sq. ft. conversion to 49 apartments and ground floor retail

Removing older obsolete office product, converting to apartments, hotels, & condos.

Work/live/play environment, future benefit to office occupancy in CBD.

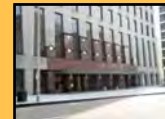


CORPORATE REALTY

## CBD Future Re-Development

### 1010 Common

- 513,000 square feet, low rise floors candidate for conversion
- Purchased in 2014 by Mohan Kailas, \$32.36 psf

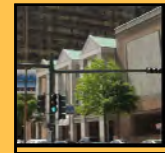


### 1001 Howard (Plaza Tower)

- 366,000 sq. ft. shell

### 1400 Poydras (LSU Clinic next to dome)

- 115,000 sq. ft.
- LSU vacating August 2015



CORPORATE REALTY

## Metairie Office Under Contract

### 3330 N. Causeway (former UNO Building)

- Building Size – 56,000 sq. ft.
- Class C office building
- Land Size – 87,000 sq. ft.
- Price \$5,250,000
- \$93.75 based on building size
- \$59.70 based on land area only



CORPORATE REALTY

## Metairie Office Building For Sale

### Executive Tower

- Size – 185,000 sq. ft.
- Asking \$21.9 million, \$118 prsf
- 94% leased



CORPORATE REALTY

## Metairie Office Buildings For Sale

### Metairie Center

- Size – 90,637 sq. ft.
- Asking \$11.6 million, \$127.98 prsf
- 95% leased



### Severn Place

- Size – 86,219 sq. ft.
- Asking \$10.8 million, \$125.26 prsf
- 99% leased



CORPORATE REALTY

## Trends

- Land cost in both CBD (\$100 psf++) and Metairie (\$50 psf+, non-Veterans) for development sites increasing. Development of new office buildings would require rates of \$30 prsf+
- Newest high rise buildings built in CBD/Metairie 25+ years old, buildings requiring major retro fits of systems and updated common areas & amenities to remain competitive
- Increased density of tenants creating issues for Landlord with HVAC, electrical, elevators, parking, and restrooms
- Construction costs to build out suites continue to increase, requiring longer lease terms to amortize costs or requiring tenants to partly fund

CORPORATE REALTY

## Parking in CBD & Metairie

### CBD New Orleans

- Cost & demand increasing
- Typical office ratio 1 per 1,000 sf
- In building unreserved range \$175 - \$250 per month
- 4 per 1,000 ratio adds \$8.40 prsf based on \$175 per month.
- 1200 Poydras St. garage adding 400 spaces, retail on ground & top floors
- 412 O'Keefe proposed garage, behind 909 Poydras, up to 573 spaces

### Metairie

- Demand increasing due to tenant density
- Typical ratio 3 per 1,000 sq. ft.
- Class A unreserved range \$37 - \$40 per month, Class B free.
- 4 per 1,000 ratio adds \$1.92 prsf based on \$40.00 per month.



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Ongoing development will help the CBD office market to grow, creating live/work/play environment.



## Thank You

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## New Orleans Metro Industrial Market Report



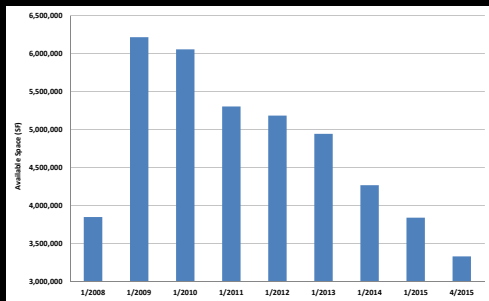
May 8, 2015

Presented By:  
David B. Quinn, SIOR

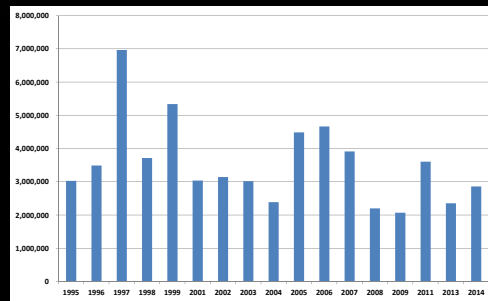


## Market Indicators

### Available Industrial Space Metro New Orleans



### Industrial Market Activity Metro New Orleans



### Industrial Rental Rates (per square foot, Net)



Submarket	Warehouse	Service Center
St. Charles/John	\$4.50-\$5.50	\$6.00-\$10.00
Kenner	\$3.00-\$5.50	N/A
Elmwood/Labarre	\$4.50-\$6.50	\$7.50-\$9.00
New Orleans	\$3.00-\$5.00	N/A
N. O. East	\$3.00-\$3.25	N/A
West Bank	\$3.00-\$4.50	N/A

### Supply and Demand



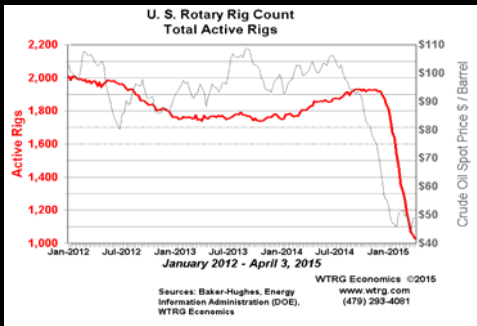
Lowest amount of available industrial space since onset of recession in 2008  
Prospects often find limited or no options in the market  
Upward pressure on rental rates and sale prices in demand areas

## A Shrinking Market

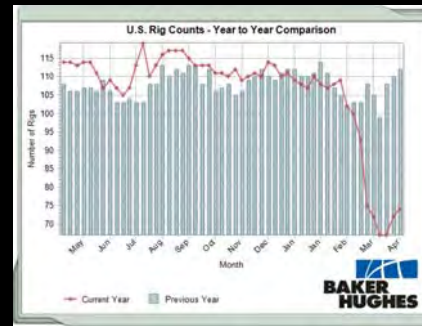
- Vacancy rate currently in 6 to 7% range. Substantial portion of vacant space is functionally obsolete.
- Redevelopment/conversion of obsolete industrial properties to alternative use: retail, commercial, residential, particularly in central New Orleans submarket.
- Lack of vacant land suitable for new development restricting growth and new development.

## Market Influences To Watch

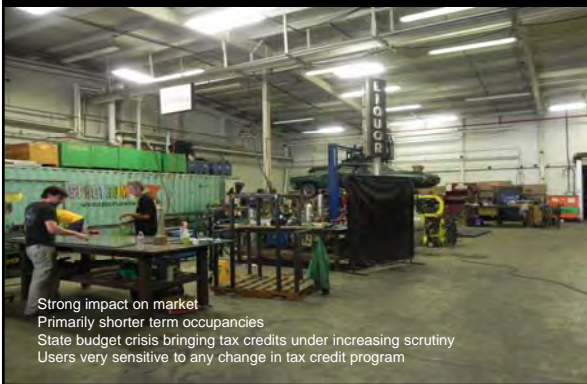
### U.S. Rig Count -50% year over year



### Louisiana Rig Count -33% year over year



## Hollywood South



Strong impact on market  
Primarily shorter term occupancies  
State budget crisis bringing tax credits under increasing scrutiny  
Users very sensitive to any change in tax credit program

## Metals Storage



Approx. 10% of the market  
All metal storage capable buildings are highly occupied  
Any change could have substantial effect on vacancy rate



## ESFR Sprinkler Systems

- Early Suppression Fast Response
- Required when stacking above 16' for certain products particularly plastics and flammables
- Many existing distribution buildings are not currently equipped
- Recent cost experience is \$5.00 per square foot to retrofit

## Increasing opportunities in outlying areas with developable land and suitable infrastructure

- Interstate 12 Corridor:

St. Tammany  
Tangipahoa  
Livingston

- River Parishes:

Saint Charles  
Saint John

## Significant Transactions New Developments

### Chiquita

Relocation from Gulfport  
to Port of New Orleans

50,000 s.f.  
leased for  
ripening facility



### Fedex Distribution Center

New construction 175,000 square foot distribution center  
15 acre site west of Covington in Northpointe Business Park  
800 new jobs



### Esperanza Business Park

Luling - West Bank St. Charles Parish  
50,000 square foot warehouse facility build-to-suit



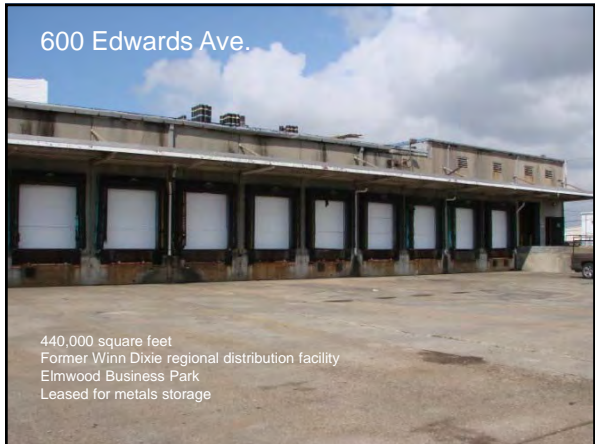


### Hipark Blvd. Distribution Center



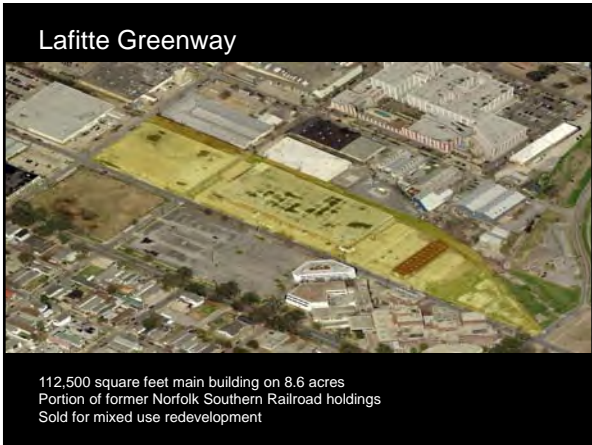
Speculative new construction  
100,000 square foot distribution center  
Interstate 12 at Airport Road, Hammond  
Recently leased for 5 years  
Addition of ESFR sprinkler system required by tenant  
Construction of additional 100,000 to 150,000 square feet proposed

### 600 Edwards Ave.



440,000 square feet  
Former Winn Dixie regional distribution facility  
Elmwood Business Park  
Leased for metals storage

### Lafitte Greenway



112,500 square feet main building on 8.6 acres  
Portion of former Norfolk Southern Railroad holdings  
Sold for mixed use redevelopment

### 3501 Jourdan Road



180,000 square feet  
Portion of former MacFrugal's distribution facility  
Leased for FilmWorks New Orleans movie studio production facility

### Forecast for 2015

- Available inventory levels will stabilize at current reduced levels.
- Continued vacancy in 6 - 7% range.
- Reduced price of oil will negatively impact the industrial market.
- Higher rental rates and unit sale pricing will be the norm until the amount of available space begins to increase.
- Continued adaptive reuse and conversions of functionally obsolete industrial properties.

### Thank You

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