

**NEW ORLEANS
REAL ESTATE MARKET
JUNE 2018**

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2018 ECONOMIC TRENDS

- Sunbelt, active retirees, 65 and over increased relocation
- Oil regions for fracking, \$60 to \$70 oil in 2018 \$70-\$75 OR \$80 in 2019
- Strong U.S. dollar and low inflation; 4% and higher growth
- Relocation of personal wealth to U.S. and repatriate \$3 trillion of business cash to U.S.
- Likely continued moderate interest rates; Federal Reserve rising rates too much, too fast is a problem
- Worldwide slow growth occurring
- Little inflation at 1.5% to 2.5% in U.S.
- Unpredictable mid-term 2018 elections, democratic party victory slows momentum for change and deregulation
- 24/7 cities capture more of the growth along with river/port oriented cities – New Orleans and Baton Rouge gaining jobs

New Orleans Metro Area New Housing Construction

	July 2018	2017	2016	2015
All Units	2,544	2,926	2,949	2,542
One Unit	1,829	2,674	2,455	2,097
Two Units	128	140	98	62
Three & Four Units	22	6	25	10
Five or More/Multifamily	565	106	371	373

Source: U. S. Census

Metro Multifamily Occupancy

2015	95%
2016	95%
2017	96%
2017 Jefferson	97%
West St. Tammany (2017)	92.6%
East St. Tammany (2017)	96.4%
St. Tammany (2017)	94%
Orleans (2017)	95%
CBD/Warehouse District	92%
Mid-City/Lakefront	96%

New Orleans Market

Pricing for multifamily properties accelerates in 2017-18



Source: Louisiana Commercial Realty, LoopNet

REALTOR CONDOMINIUM SALES IN HIGH VOLUME LOCALES OF ORLEANS 2012-2017

Number of Sales in Zip Code Area

Year of Sale	70115 University	70116 Quarter	70118 Mid-City Uptown	70130 CBD & Warehouse	Total Condo
2012	106	97	38	262	503
2013	103	130	31	229	493
2014	93	104	47	240	484
2015	103	99	33	241	476
2016	73	46	27	226	424
2017	79	73	27	190	406
2018*	76	43	39	178	336

Source: GSREIN Multiple Listing Service & NOMAR & Wade Ragas Real Property Associates

*Note: Time period for 2018 sales: January to August 30, 2018

Massive Chemical Expansion I-10 Corridor to Gulf 60 Projects Since 2012

	Capital Investment	Projects	Jobs
I-10 Corridor Announced Projects	\$ 159,532,888,000	60	19,055
To Be Started Total Potentials	\$ 89,673,000,000	21	5,273
Total Completed/Underway	\$ 69,859,888,000	39	13,782

Source: Dr. Loren Scott; Louisiana Chemical Assoc.

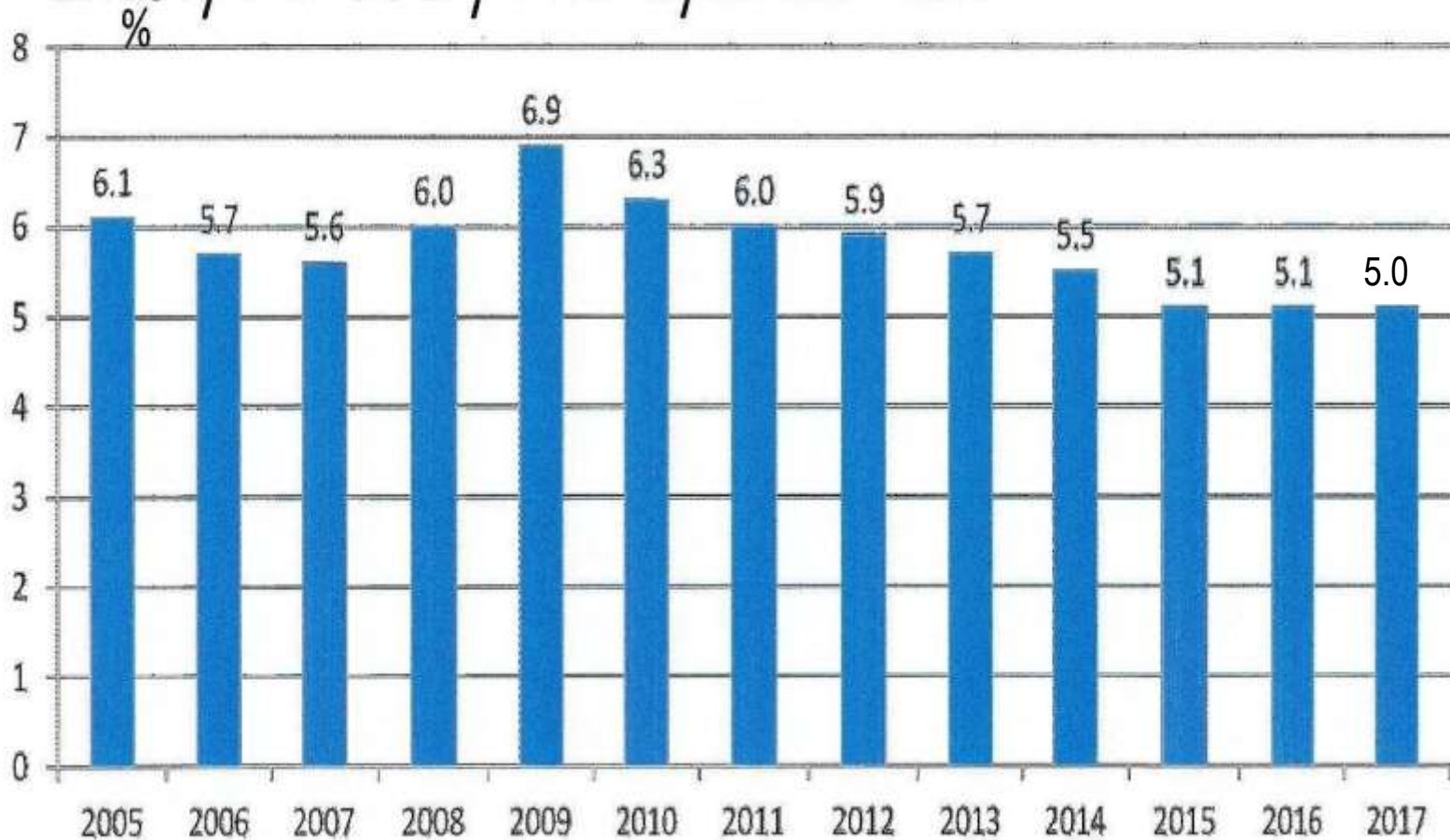
Types of Projects

- Chemical & Mineral \$50.4 billion (River)
- LNG Exports \$67.1 billion (Gulf)
- Gulf & River \$117.5 billion Subtotal

**30-YEAR MORTGAGE RATES
(60-DAY DELIVERY)
FEDERAL NATIONAL MORTGAGE ASSOCIATION**

2018 (July)	4.72%
2017	3.93%
2016	3.75%
2015	3.8%
2014	4.17%
2013	3.98%
2012	3.66%
2011	4.45%
2010	4.69%
2005	5.87%
2000	8.05%

NCREIF Cap Rates – Likely Already Hit Cyclical Low



Forecast: 5.1% (2018), 5.2% (2019)

Source: ULI

High-Tech Job Growth

- **iMerit – New Orleans (4/18)**
 - Digital Data Services Company creating 100 jobs in CBD
- **New Orleans Construction - Healthcare**
 - Children's Hospital
New Orleans Expansion
 - \$300 mm, 3-phase expansion of LCMC Health Systems

New Orleans Public Construction

- Army Corps Hurricane and Storm Damage Risk Reduction System: 2017: \$659 million 2018:\$256 million
- Ochsner Health Systems – New Orleans (3/18)
 - \$360 mm expansion; complete 2020-2021;
 - 40 inpatient rooms on 10th flr., 5 operating rooms on 2nd, 300 spaces to parking garage, new imaging center, Ochsner Rehabilitation Center, Boh Center for Child Development & 5-story rehabilitation hospital; Benson Cancer Center

Construction: Public

- **\$370 mm expansion of WWII Museum (3/18)**
- **\$993.7 mm construction of new Louis Armstrong Airport (3/18), more international flights**
- **K-12 Public Schools in Orleans Parish (3/18)**
 - 2017 - \$175 mm
 - 2018 \$200 mm
 - 2019 \$120 mm (final year)
- \$317.7 mm (down from \$478.6 mm) in state road lettings over 2018-2019

Construction: Private

- **The Odeon – South Market District (3/18)**
 - \$100 mm apartment tower; construction late 2018
 - **The Standard 11-story condo**
 - **Four Seasons – New Orleans (3/18)**
\$360 mm renovation of 33-story World Trade Center

New Orleans – MSA Good News

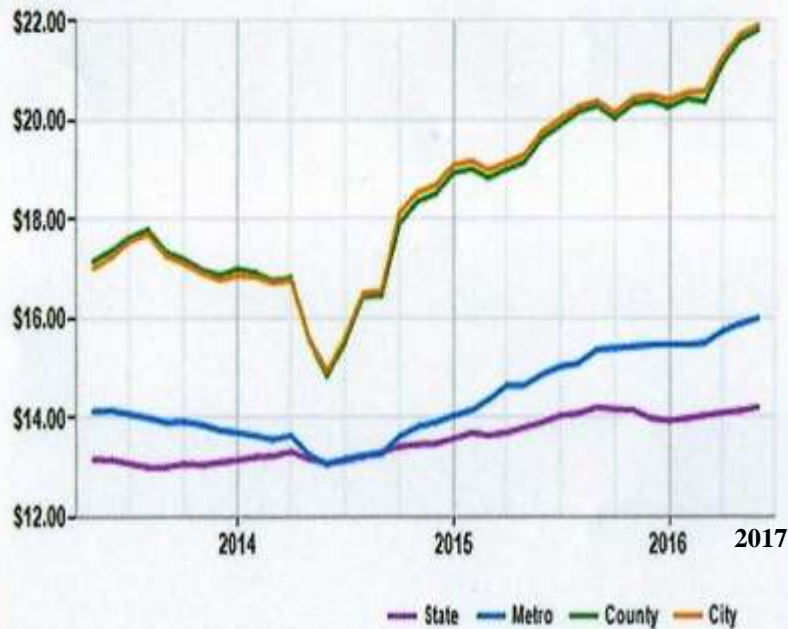
- **DXC Technology – New Orleans (11/17)**
 - New digital transformation center, Hire 300 IT & business enterprise professionals in 2018; ramp up to 2,000 over 5 years; \$63,000 + benefits
- **Fuji Vegetable Oil – Avondale site (3/18)**
 - \$70 mm processing facility; +39 jobs @ \$77,000; refine palm oil from Pacific into fats and oils found in desserts, infant formula; frying fats and soaps
- **Avondale Market (HRE)**
 - Under contract to purchase Avondale site; deep water, breakbulk terminal with warehousing and manufacturing, large impact of 2,000 direct jobs

New Orleans Market

Retail rents reflect gains in tourism flows

New Orleans Retail Commercial for Lease - Asking Rent

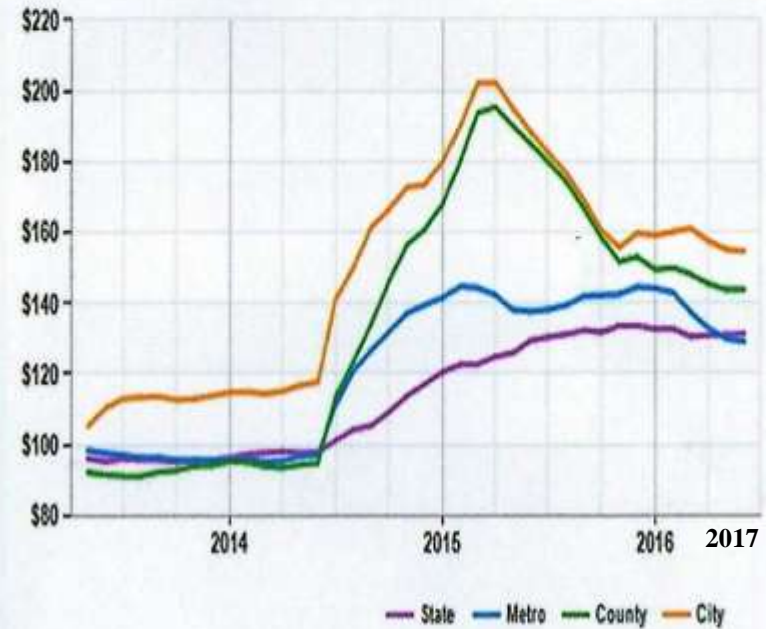
Asking Rent Retail for Lease New Orleans, LA (\$/SF/Year)



Source: Louisiana Commercial Realty, LoopNet

New Orleans Retail Commercial for Sale - Asking Price Index

Asking Prices Retail for Sale New Orleans, LA (\$/SF)



Source: Louisiana Commercial Realty, LoopNet

Source: Louisiana Commercial Realty, Loop Net

CBD OF NEW ORLEANS & METAIRIE CLASS A OFFICE

	Orleans	Metairie
Average Rent Per Foot (4 th Quarter 2017)	\$19.26	\$23.83
Square Feet Available for Rent	1,107,000	242,373
Absorption	\$2,824	<\$11,964>
Percent Leased	87.6%	88.1%

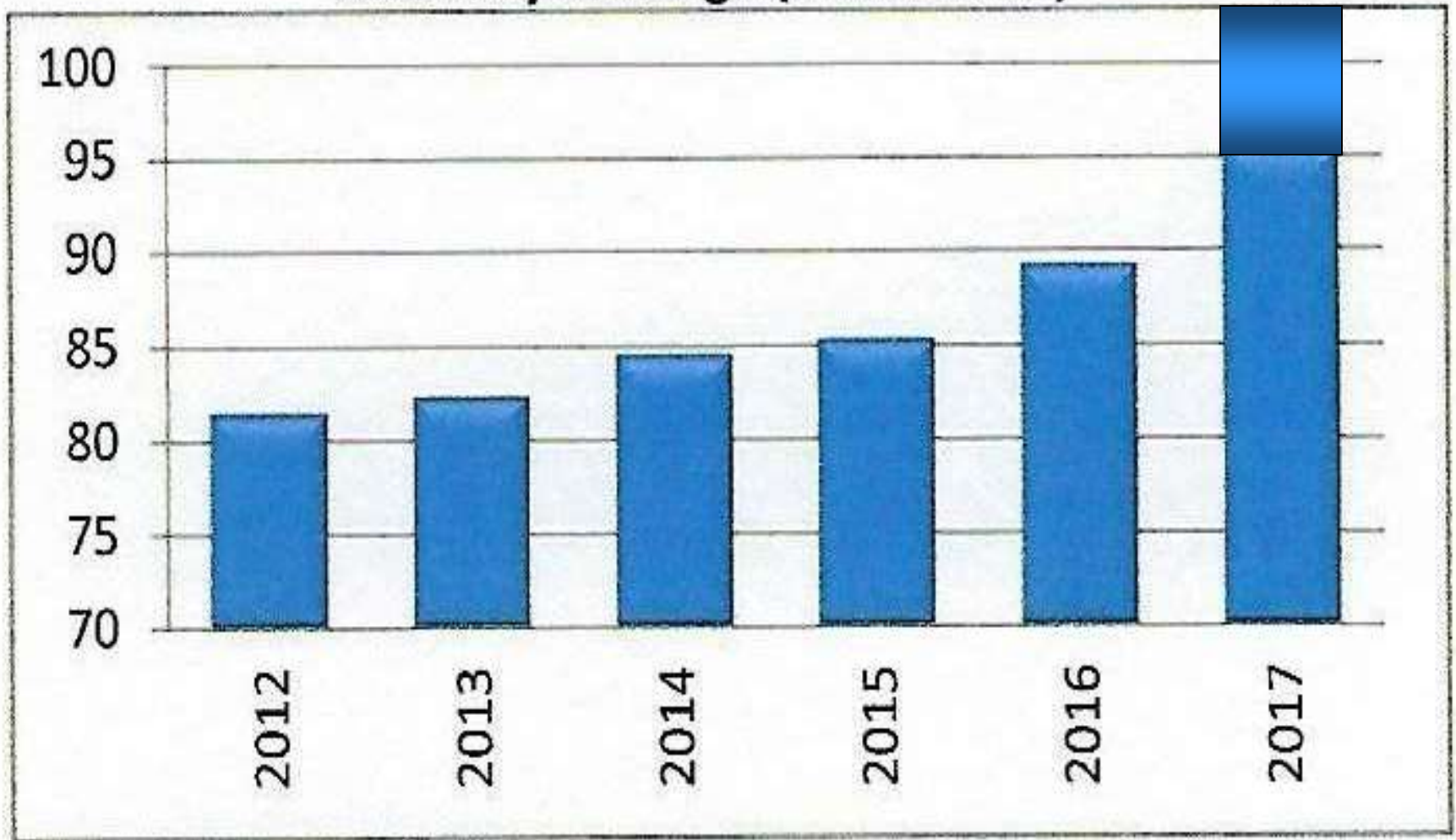
Source: Corporate Realty, Bruce Sossaman

ARMSTRONG INTERNATIONAL AIRPORT ENPLANE AND DEPLANE 2018

2018	12.1 Million +	+6% (year)
2016	11.1 Million	+3%
2015	10.8 Million +	+4%
2012	8.6 Million	+8.1%
2008	8.0 Million	+1.9%
2006	6.2 Million	+13.5%

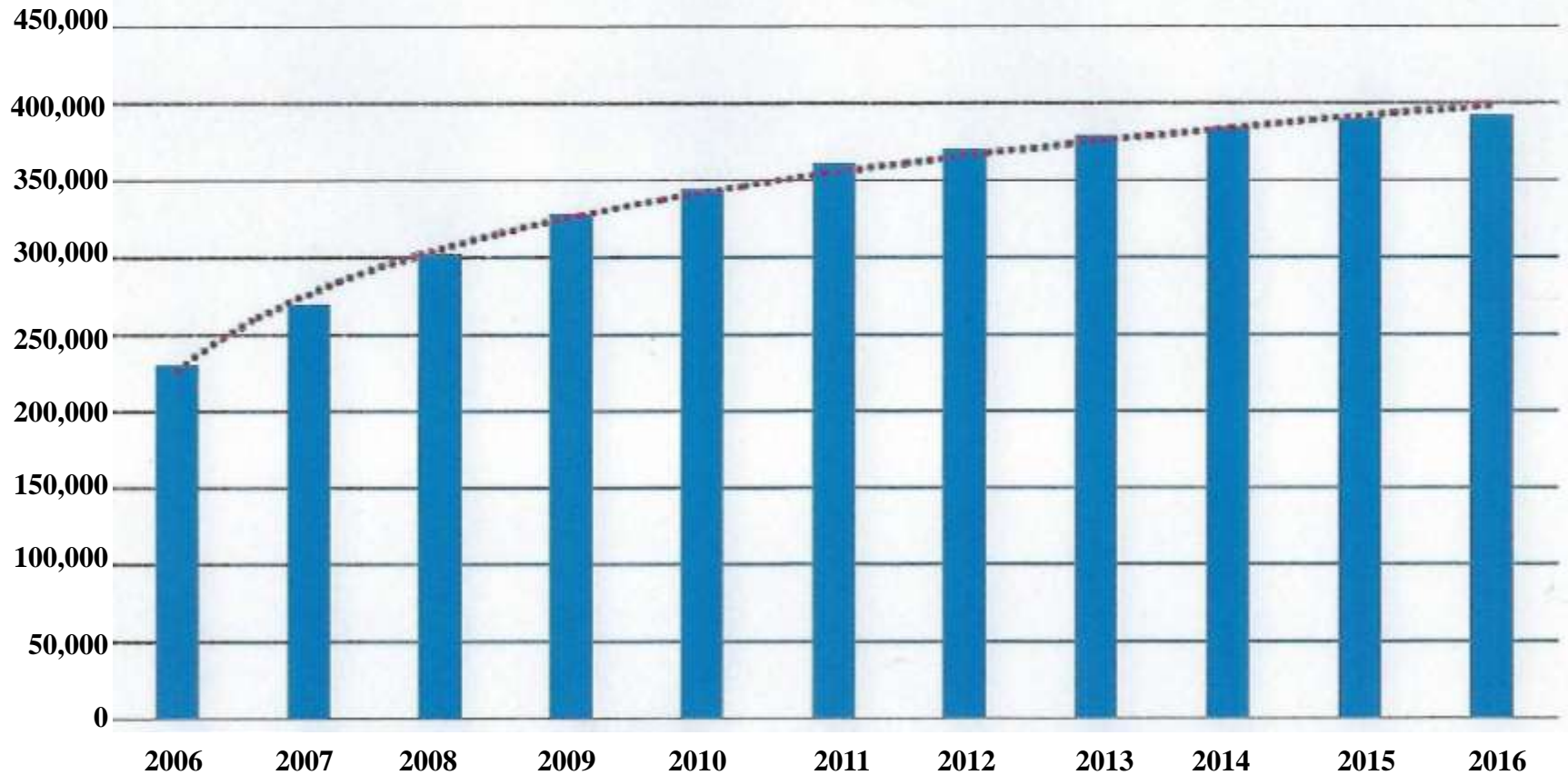
Port Passengers – New Orleans

Monthly Average (Thousands)



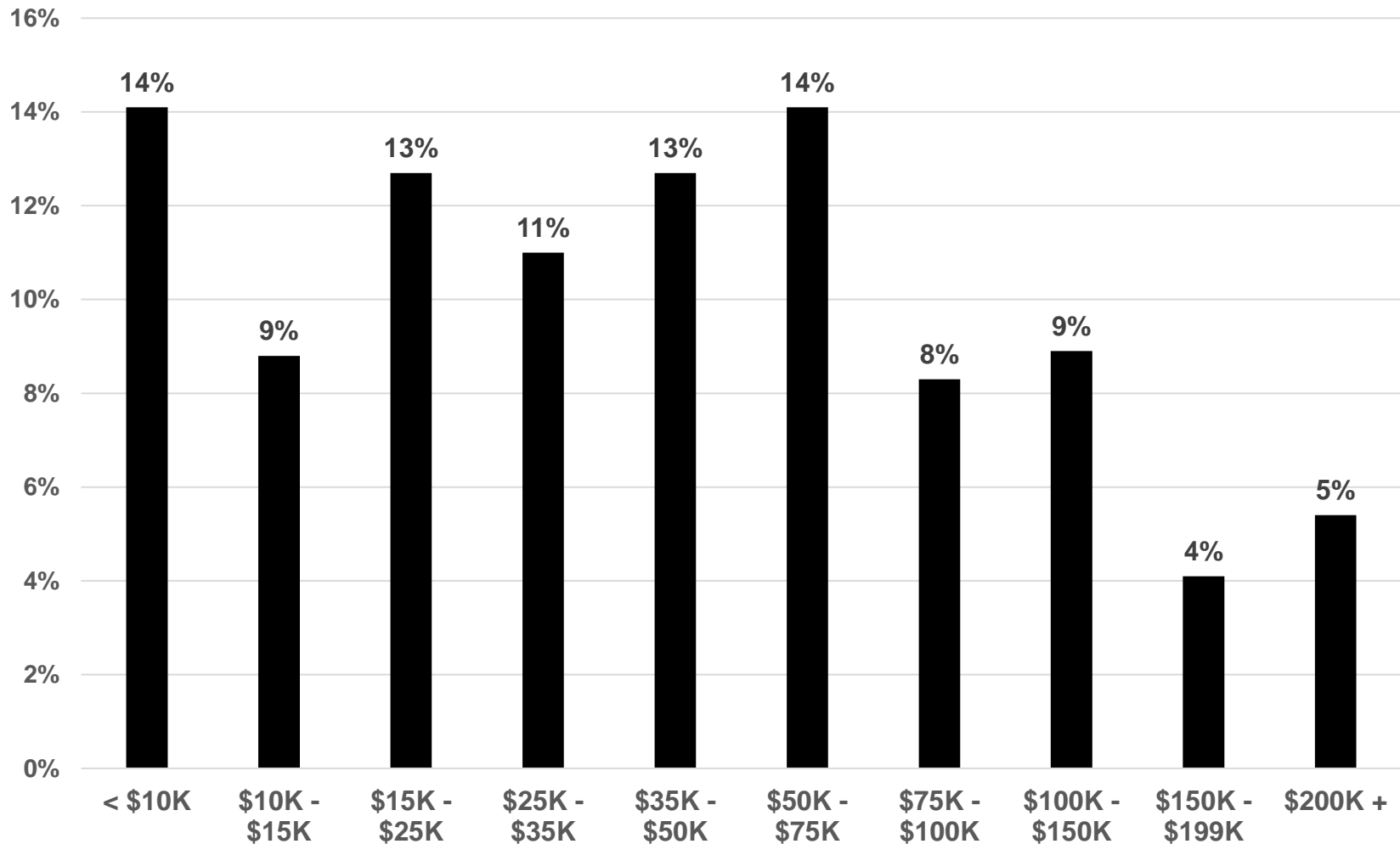
Source: Port of New Orleans; 1.2 million passengers in 2017

Population Growth in Orleans Parish



Source: U. S. Census

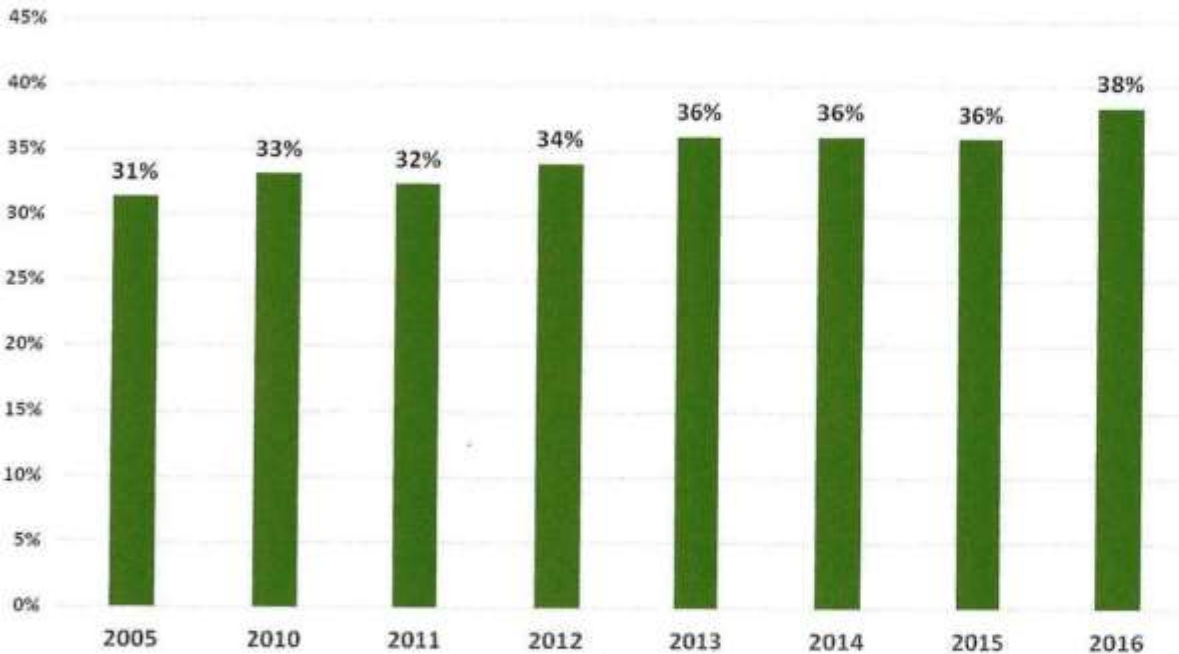
2016 Household Income – Orleans Parish



Source: U. S. Census (40% are \$50,000 and above)

Educational Attainment

Percent of Residents 25+ with Bachelor's Degree, Orleans Parish



Area	Percent
Orleans Parish	38.4%
Jefferson Parish	25.5%
St. Tammany Parish	31.1%
Louisiana	31.8%
United States	31.3%

Source: U. S. Census , 2016

Hotel New Orleans Occupancy and ADR

	2016 Occ	2017F Occ	2018F Occ	2016 ADR	2017F ADR	2018F ADR
New Orleans	68.7%	69.0%	69.1%	\$148.65	\$147.57	\$149.39
Atlanta	69.8%	69.4%	69.1%	\$103.60	\$106.55	\$109.52
Dallas	71.4%	70.2%	69.7%	\$103.50	\$105.36	\$107.19
Houston	62.3%	59.9%	59.4%	\$104.65	\$104.21	\$104.35
Nashville	74.7%	73.4%	72.1%	\$134.48	\$138.08	\$141.58
Orlando	75.5%	76.3%	76.0%	\$115.96	\$119.92	\$122.79

Source: Smith Travel

5,307 AirBnB Rentals Available in New Orleans

**Citywide Estimated
Occupancy – 40.6%**



Source: New Orleans Convention & Visitor Bureau

Historic Transaction



Swap of Public Belt Railroad by Port for River Batture, River-View Sites and Wharfage for Redevelopment

Allows system wide connections and connection to Avondale