New Orleans Economic Outlook

Turning the Corner?

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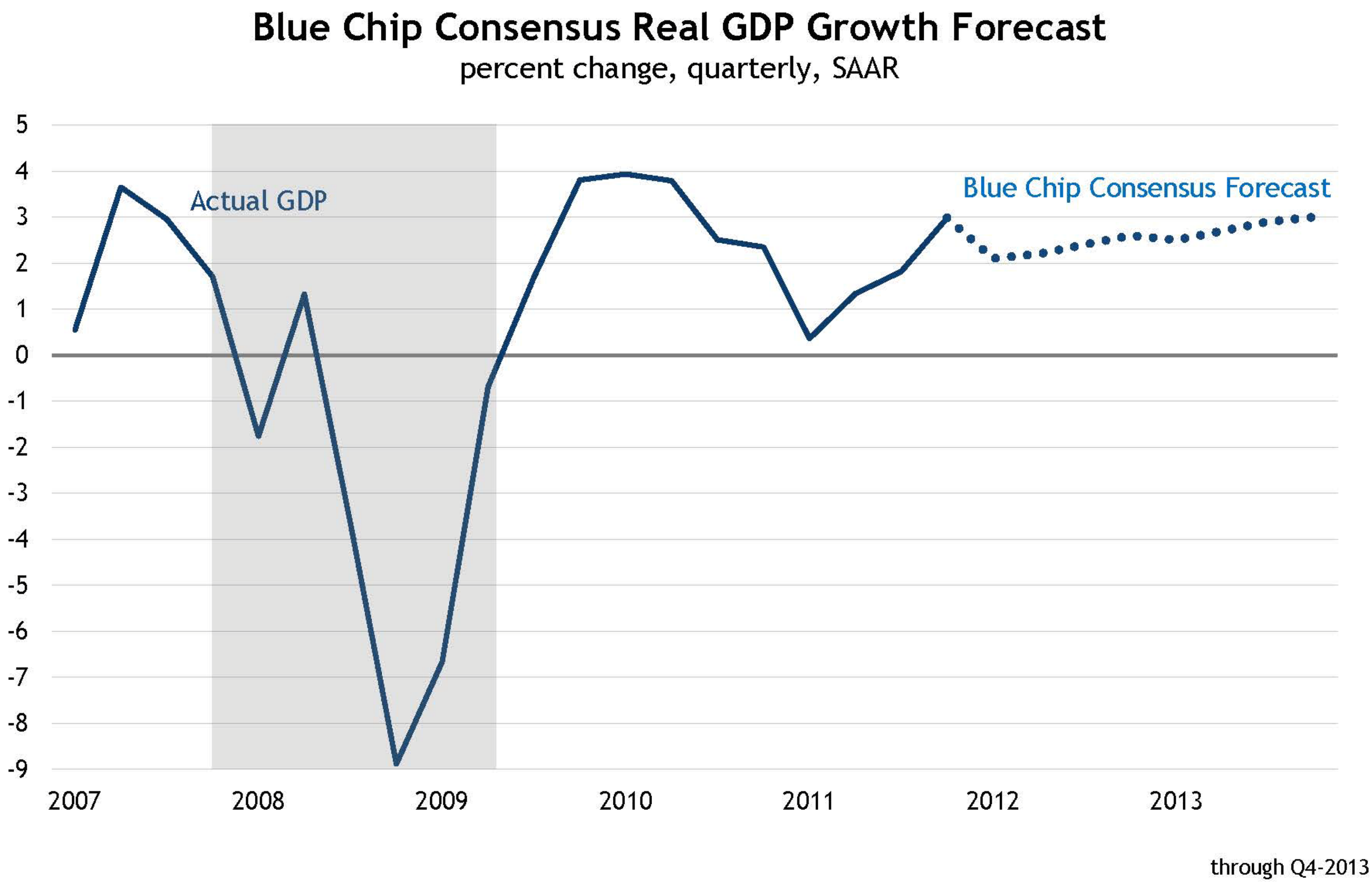
Institute for Economic Development & Real Estate Research
The University of New Orleans

THE UNIVERSITY *of* NEW ORLEANS

U.S. Economy

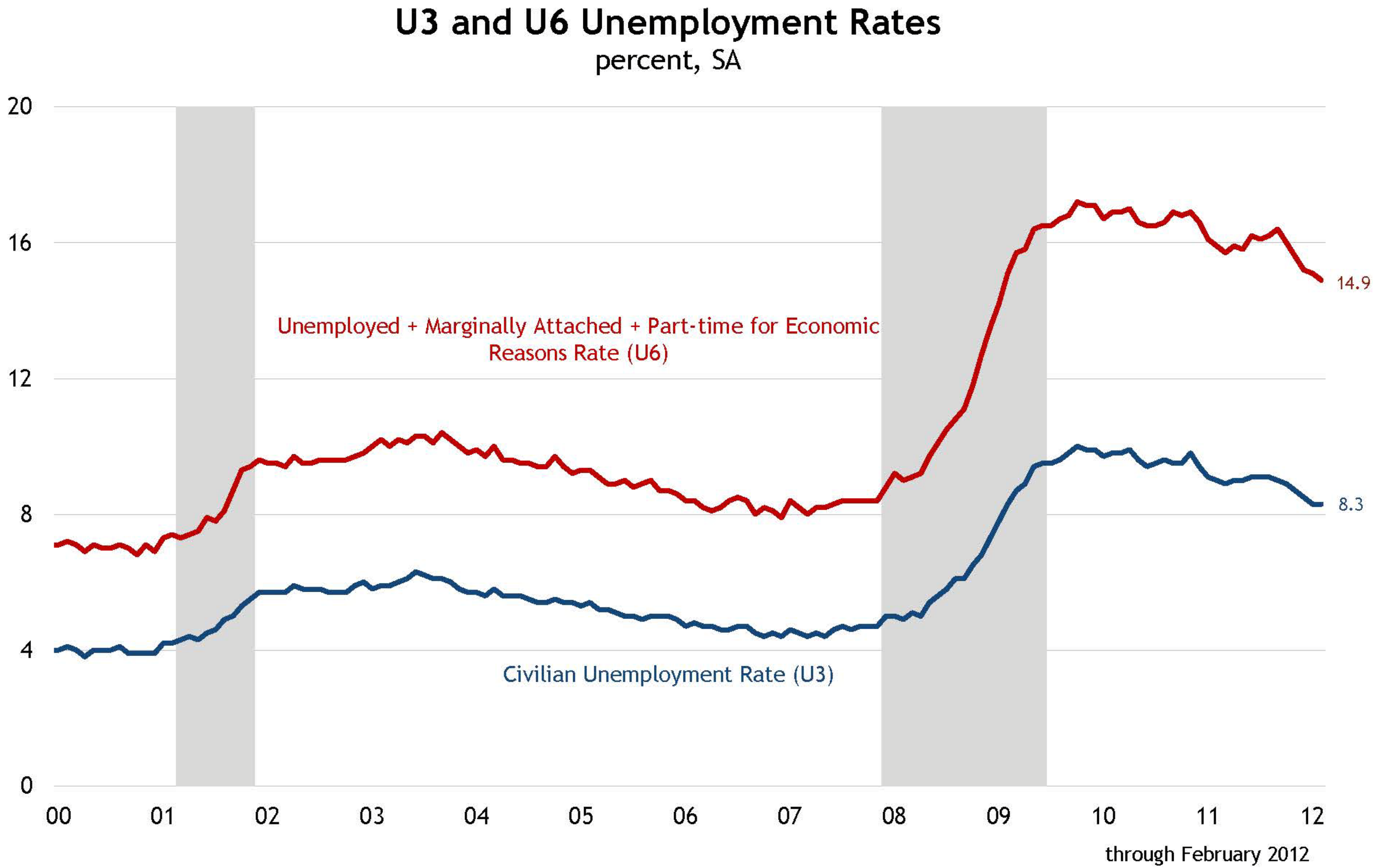
- The recent economic news has been positive on balance. The Atlanta Fed expects the economy to grow modestly (between 2.5–3% GDP growth) in 2012.
- While recent employment reports have provided some encouragement, the pace of economic growth is not likely to generate enough jobs to quickly bring down unemployment.
- Higher gasoline prices boosted headline inflation in February, but the increase in inflation is likely to be temporary. Inflation is expected to settle over coming quarters at or below levels consistent with the FOMC's price stability mandate.
- The Federal Reserve has put in place a set of policies to further lower borrowing costs for both consumers and businesses and to strengthen economic recovery.

Economic growth strengthened in the second half of 2011 and is likely to continue at a moderate pace



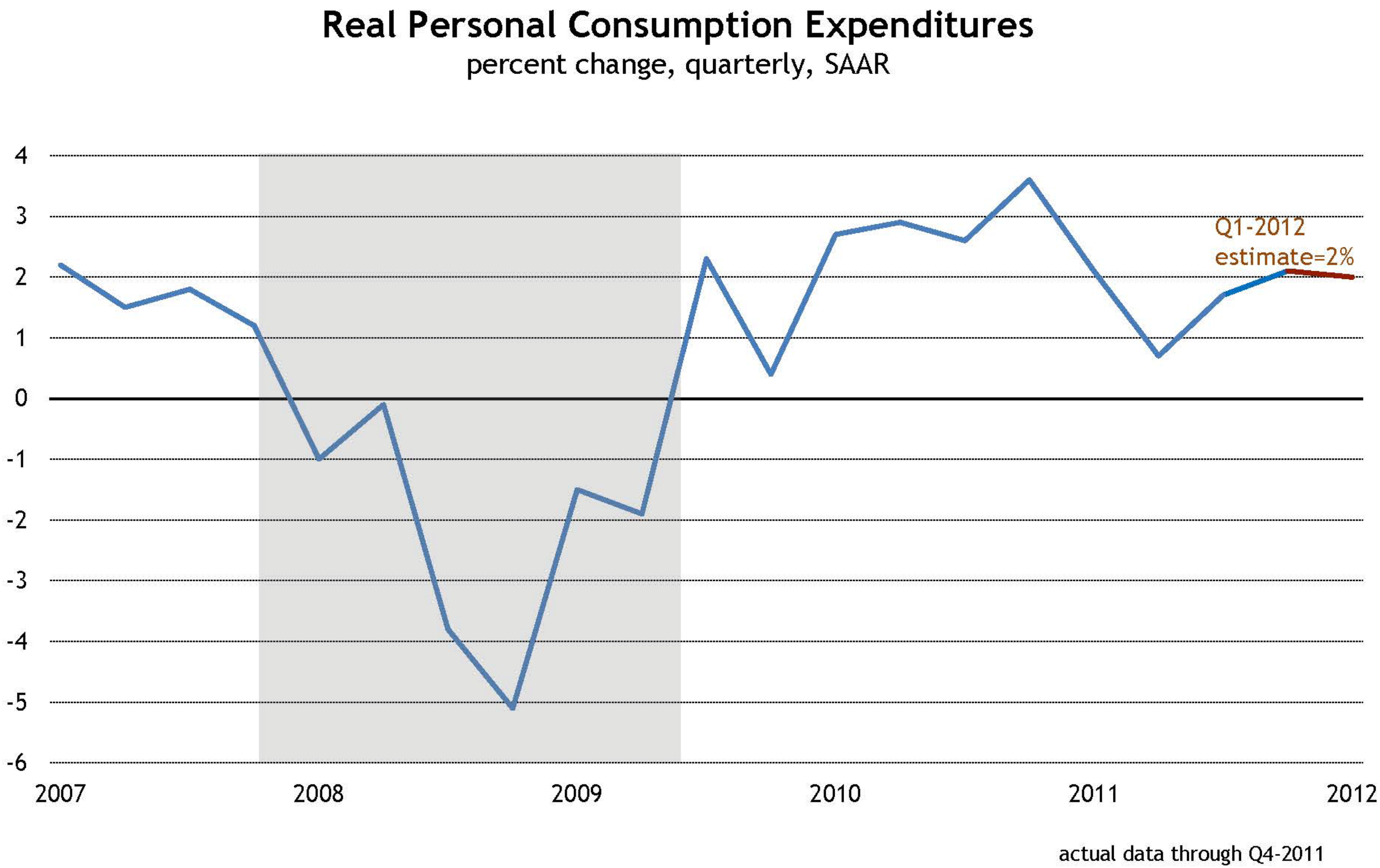
Source: Blue Chip Economic Forecast, March 2012

The unemployment rate has declined but remains elevated



Source: U.S. Bureau of Labor Statistics

Consumer spending has strengthened

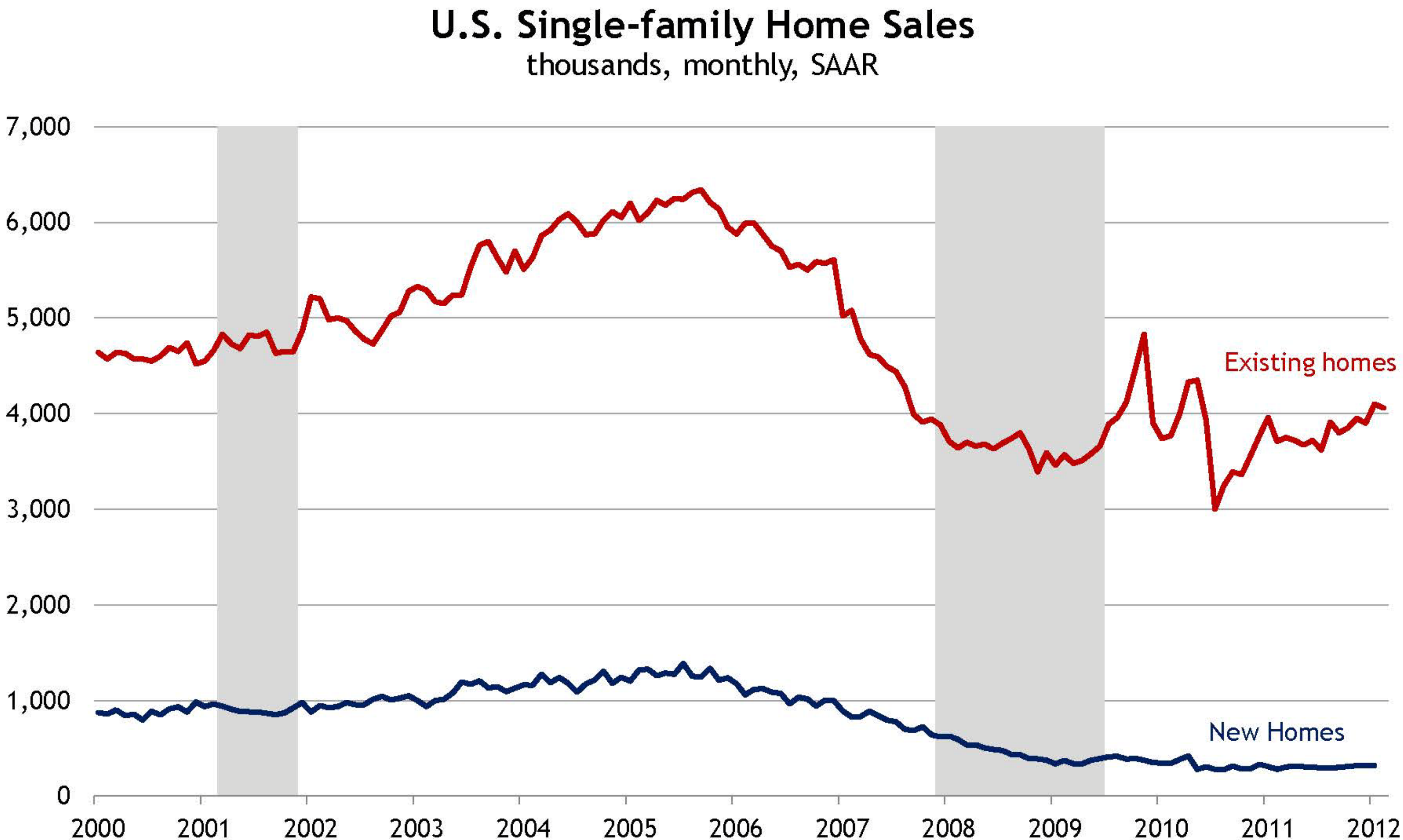


Source: Bureau of Economic Analysis

Export growth has been solid, but the outlook has weakened some due to the slowing of the European economy

Source: U.S. Census Bureau

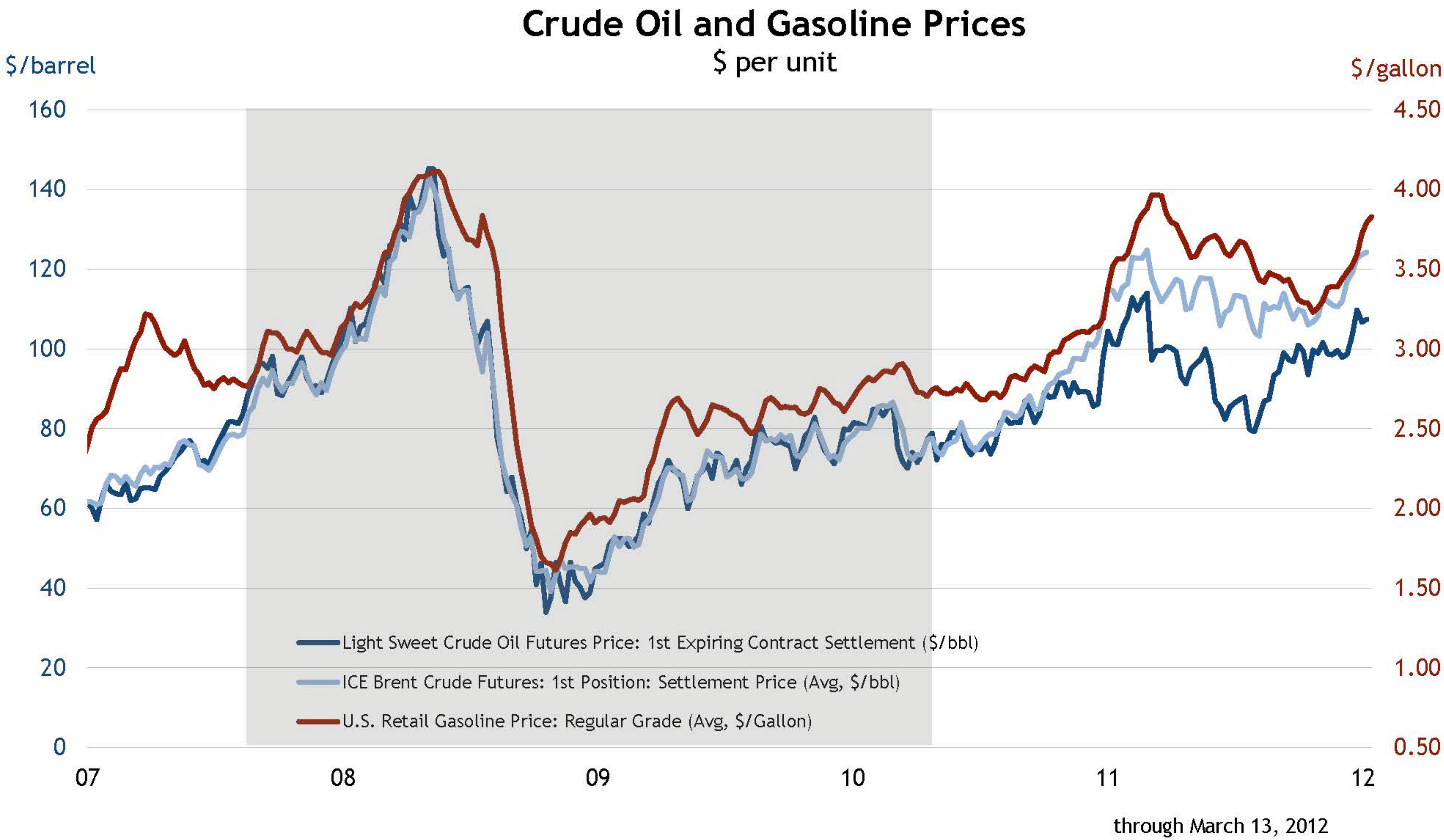
Although home sales picked up slightly in the fall of 2011, they remain at very low levels



through February 2012

Sources: National Association of Realtors and U.S. Census Bureau

Oil and gasoline have risen notably in recent months



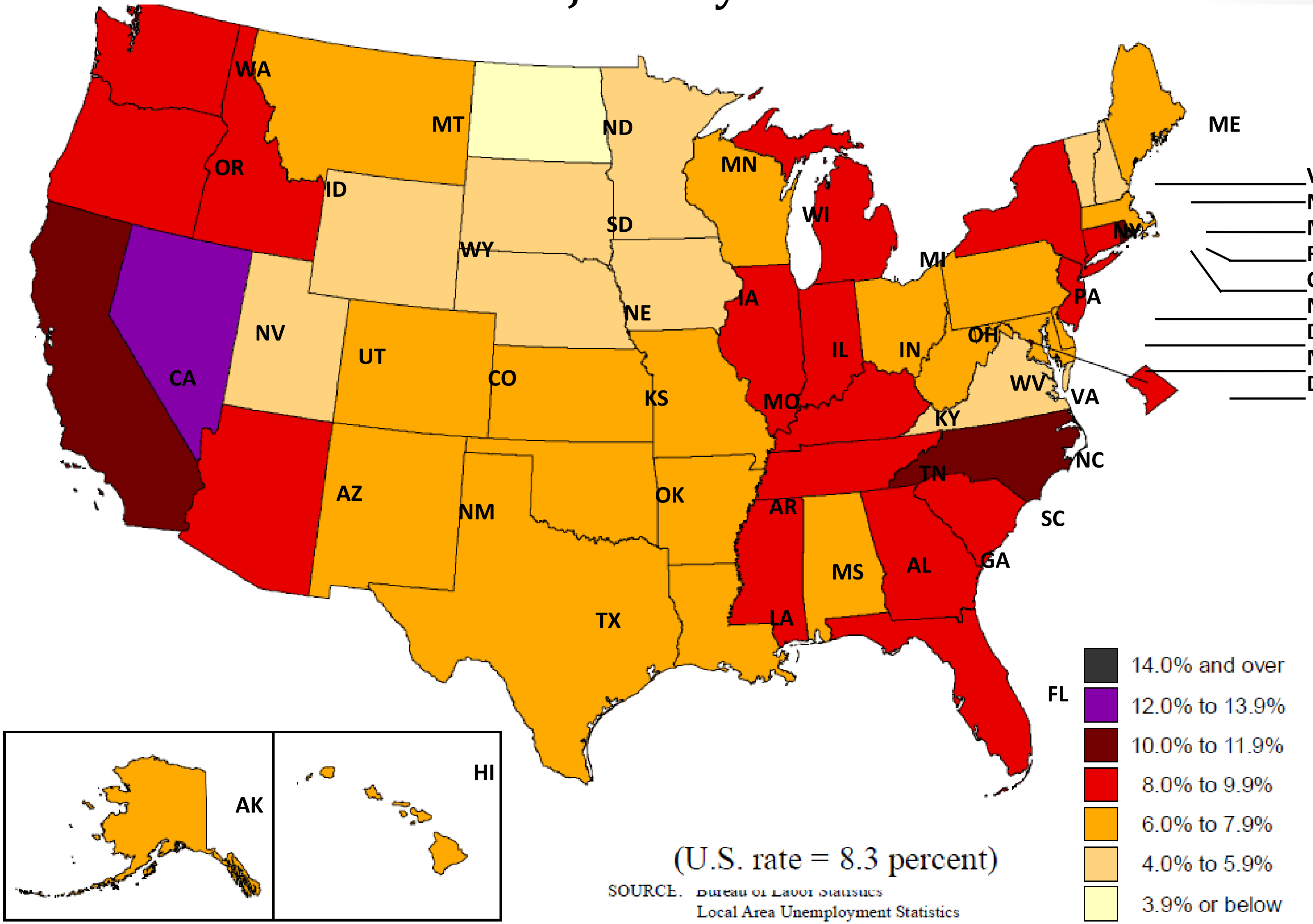
Sources: Wall Street Journal, Intercontinental Exchange, Energy Information Administration

Going Forward

- The recovery strengthened in the second half of 2011 and the recent economic news has been positive on balance. The Atlanta Fed expect the economy to grow at a moderate pace this year.
- Unemployment should decline gradually, and inflation is likely to moderate as the effects of the recent increases in gasoline and oil prices subside.
- Sources of growth: consumer spending, business investment
- Weakness: elevated unemployment, depressed housing market
- Risks: potential shocks, such as escalation of sovereign debt crisis in Europe and sustained increases in oil and gasoline prices
- Monetary policy continues to be very supportive of growth.

Unemployment Rates by State

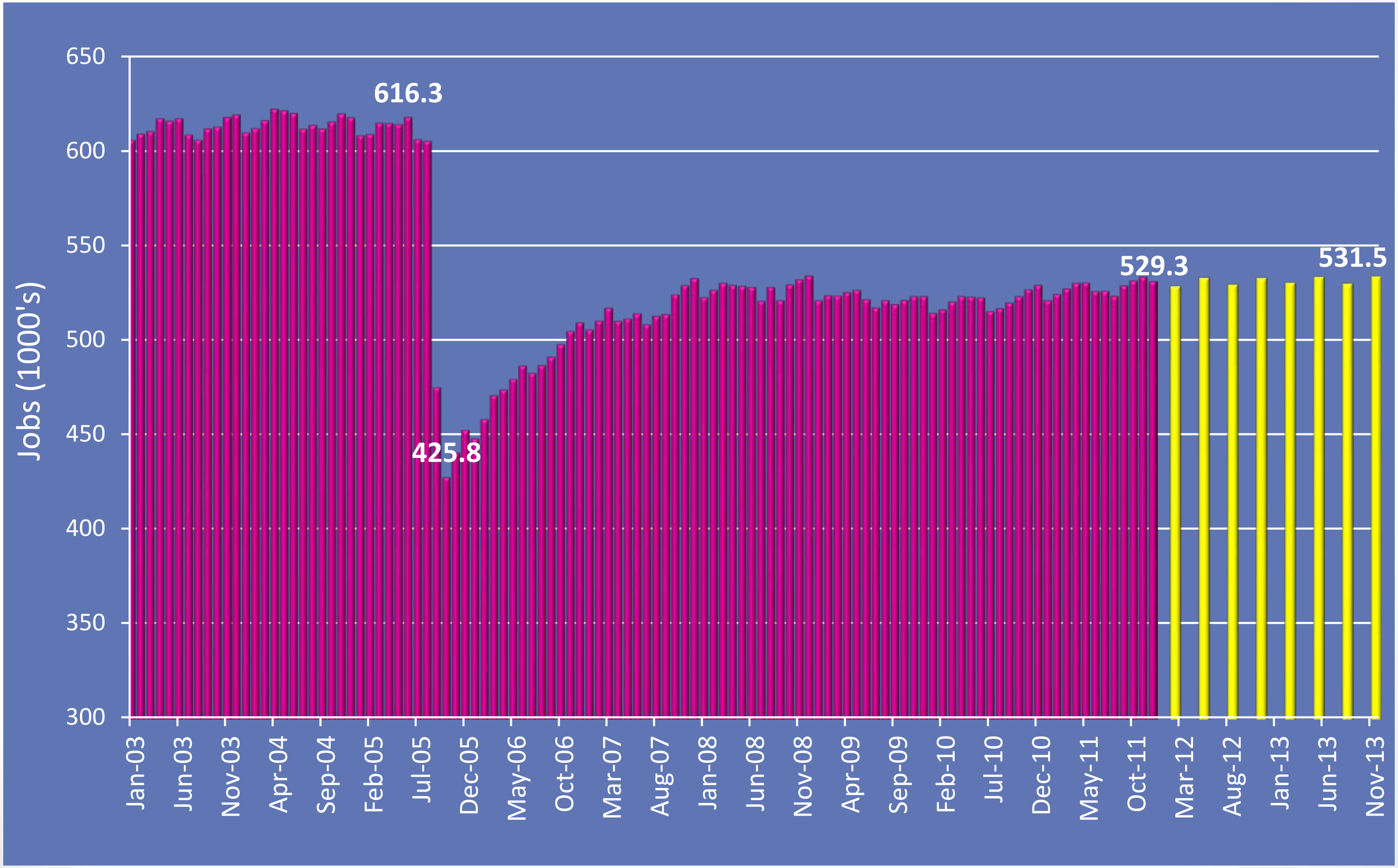
January 2012



New Orleans Metro Job Overview

- The New Orleans metro area had **609,600** jobs in 2005 before Katrina.
- At the low point after the storm, the area had just **425,800** jobs (70% of pre-Katrina).
- By October 2011, employment in New Orleans had grown to **529,300** jobs (86.8%).
- By the end of 2013, **531,500** jobs are forecast (87.2%).

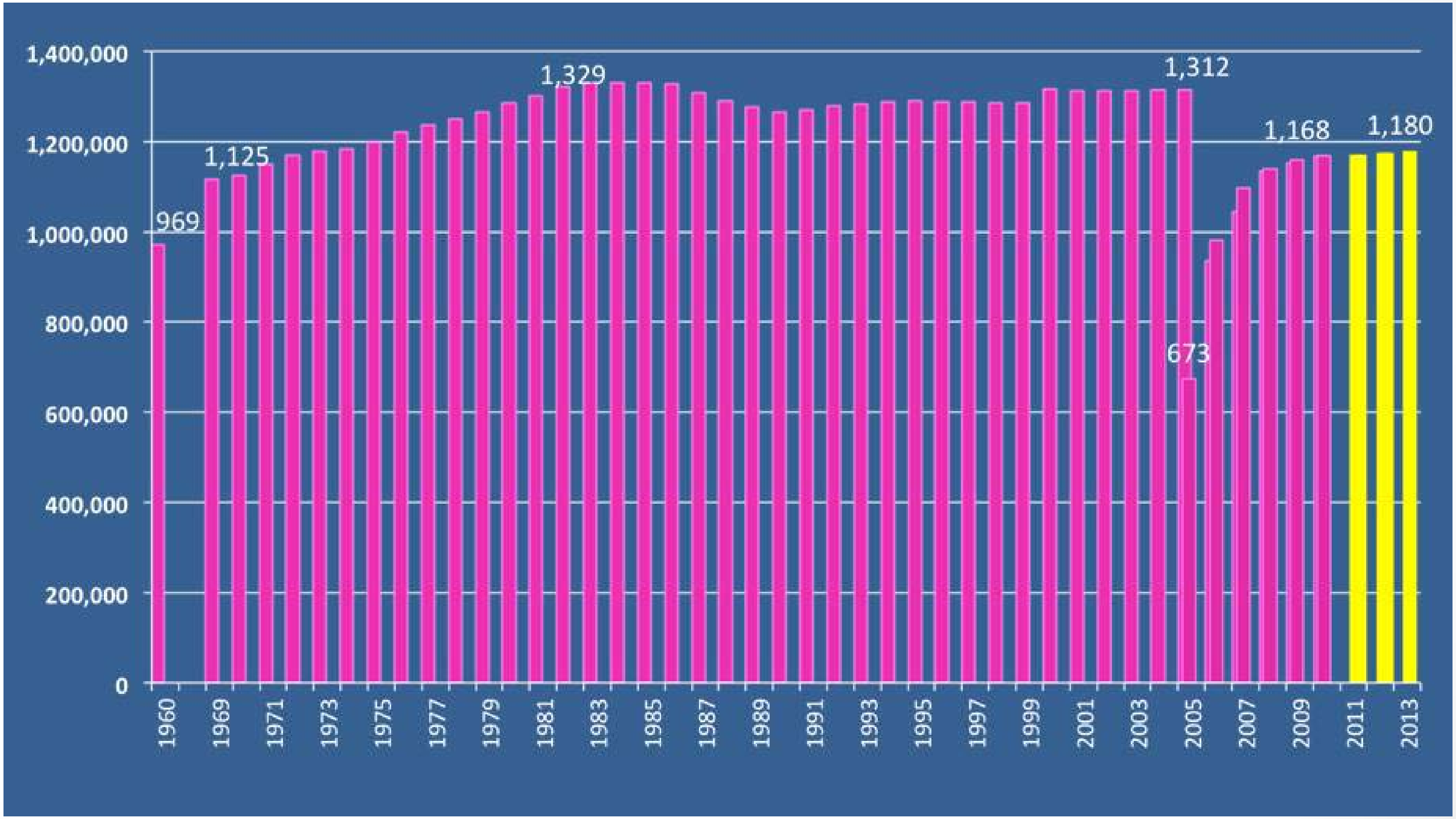
N. O. Metro Total Employment



Source: US Bureau of Labor Statistics, DBER

Prepared by UNO Division of Business & Economic Research

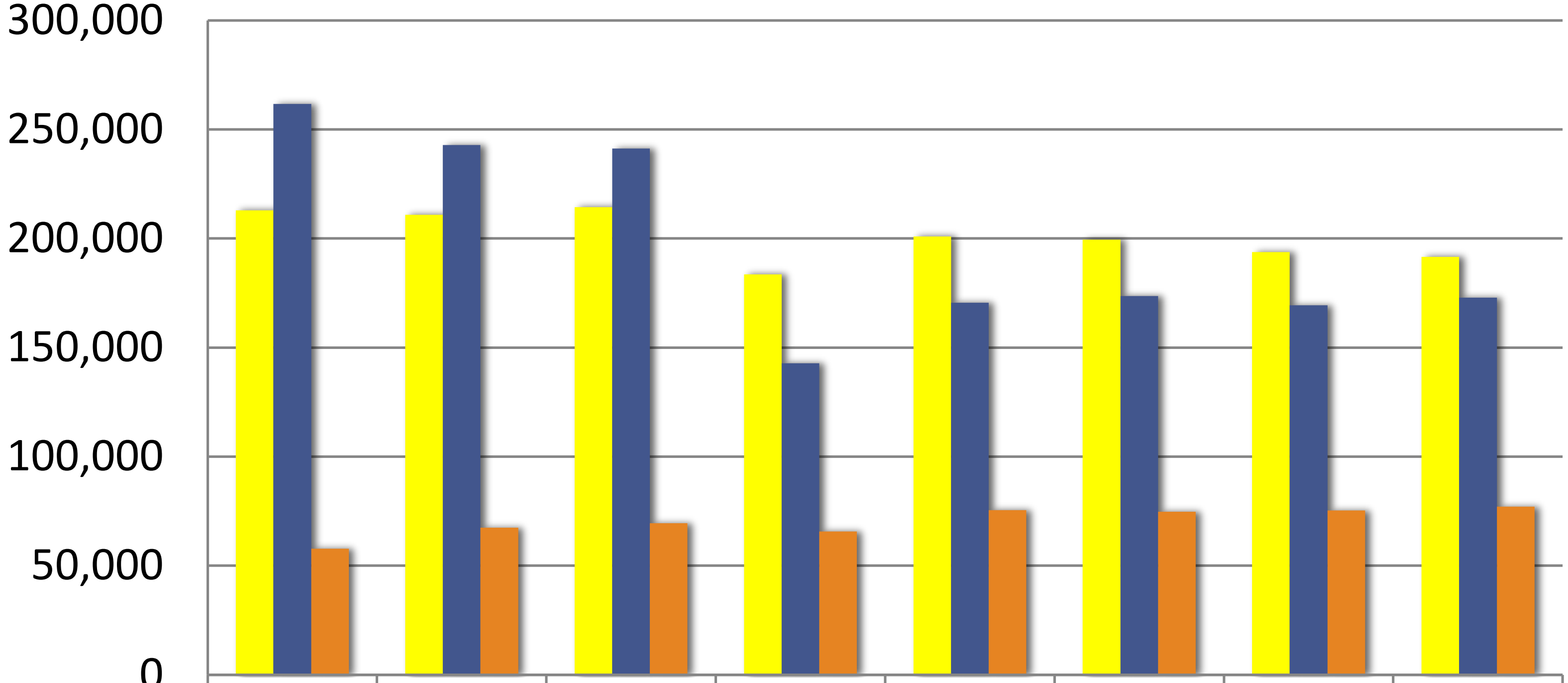
New Orleans Metro Total Population



Sources: US Census, GCR & Assoc., System Solutions Consulting

Prepared by UNO Division of Business & Economic Research

Employment 2001 – 2011, Quarter 3
Orleans, Jefferson and St. Tammany Parishes

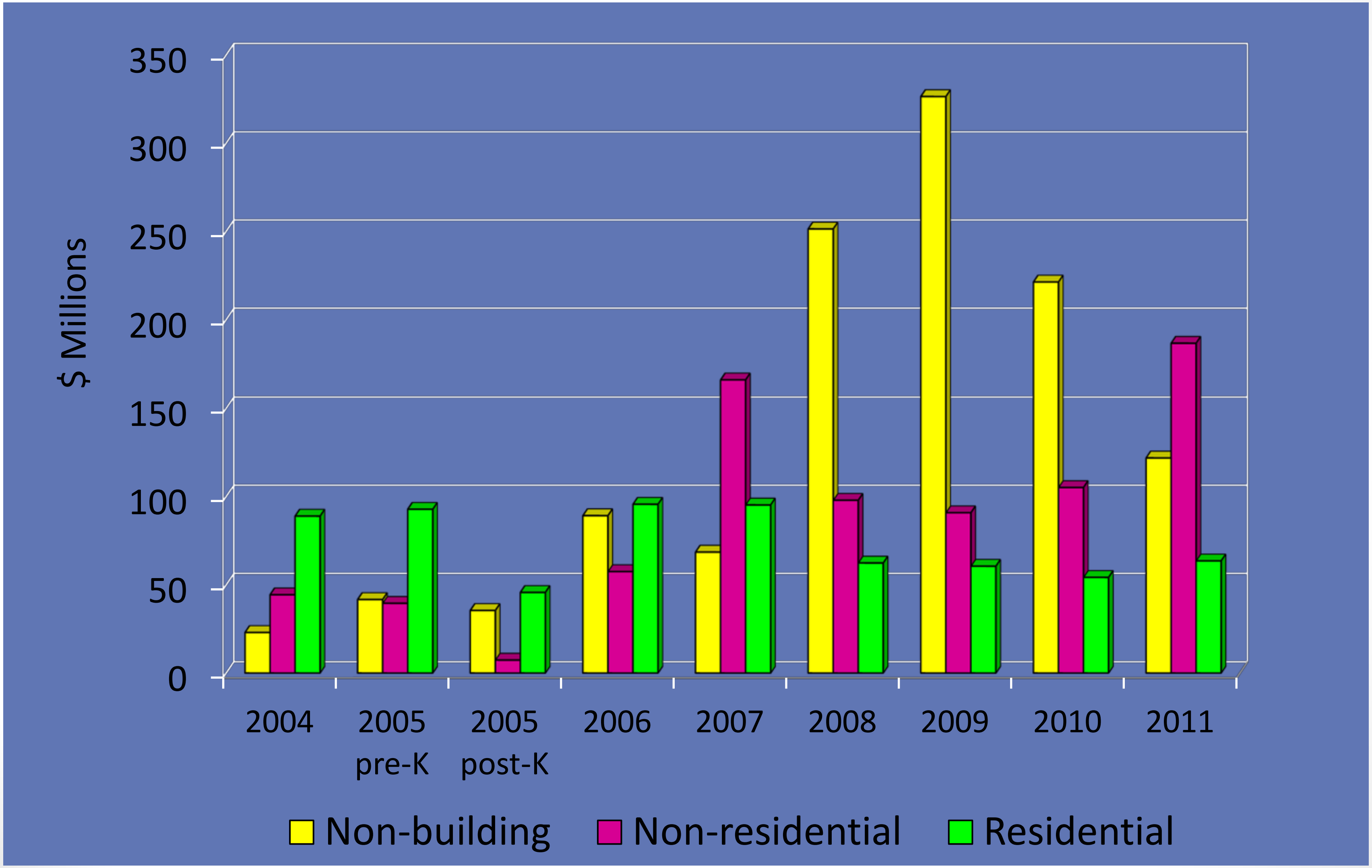


	Q1/2001	Q1/2005	August 2005	Q1/2006	Q4/2007	Q4/2008	Q4/2009	Q3/2011
Jefferson	212,974	210,801	214,370	183,587	200,936	199,505	193,761	191,614
Orleans	261,646	242,843	241,264	142,812	170,544	173,630	169,368	172,890
St. Tammany	57,840	67,369	69,457	65,704	75,516	74,785	75,287	77,043

Source: Labor Market Statistics, Quarterly Census of Employment & Wages Program

N. O. Metro Construction Activity

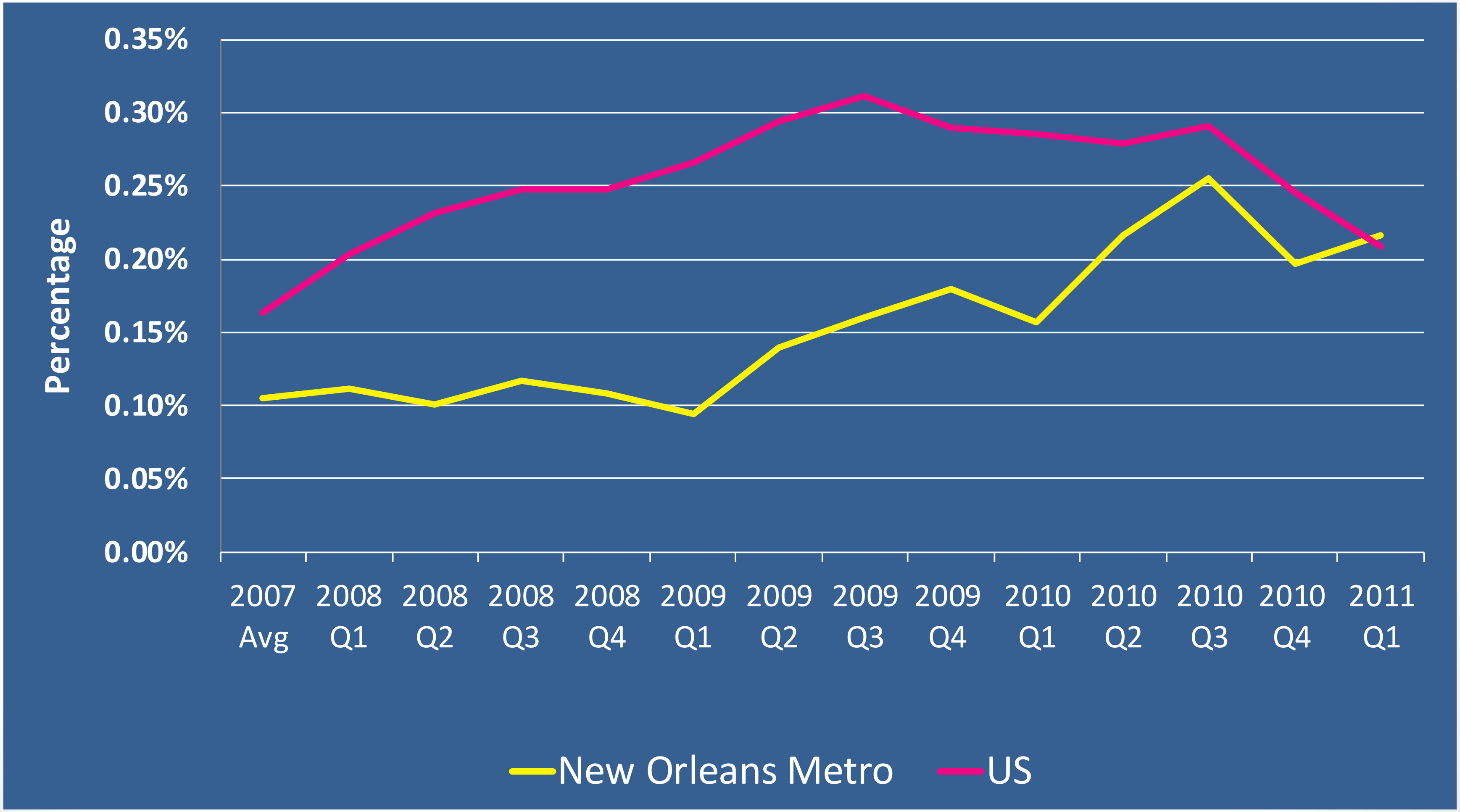
Per Month



Source: McGraw Hill Construction, Dodge

Foreclosures per Household

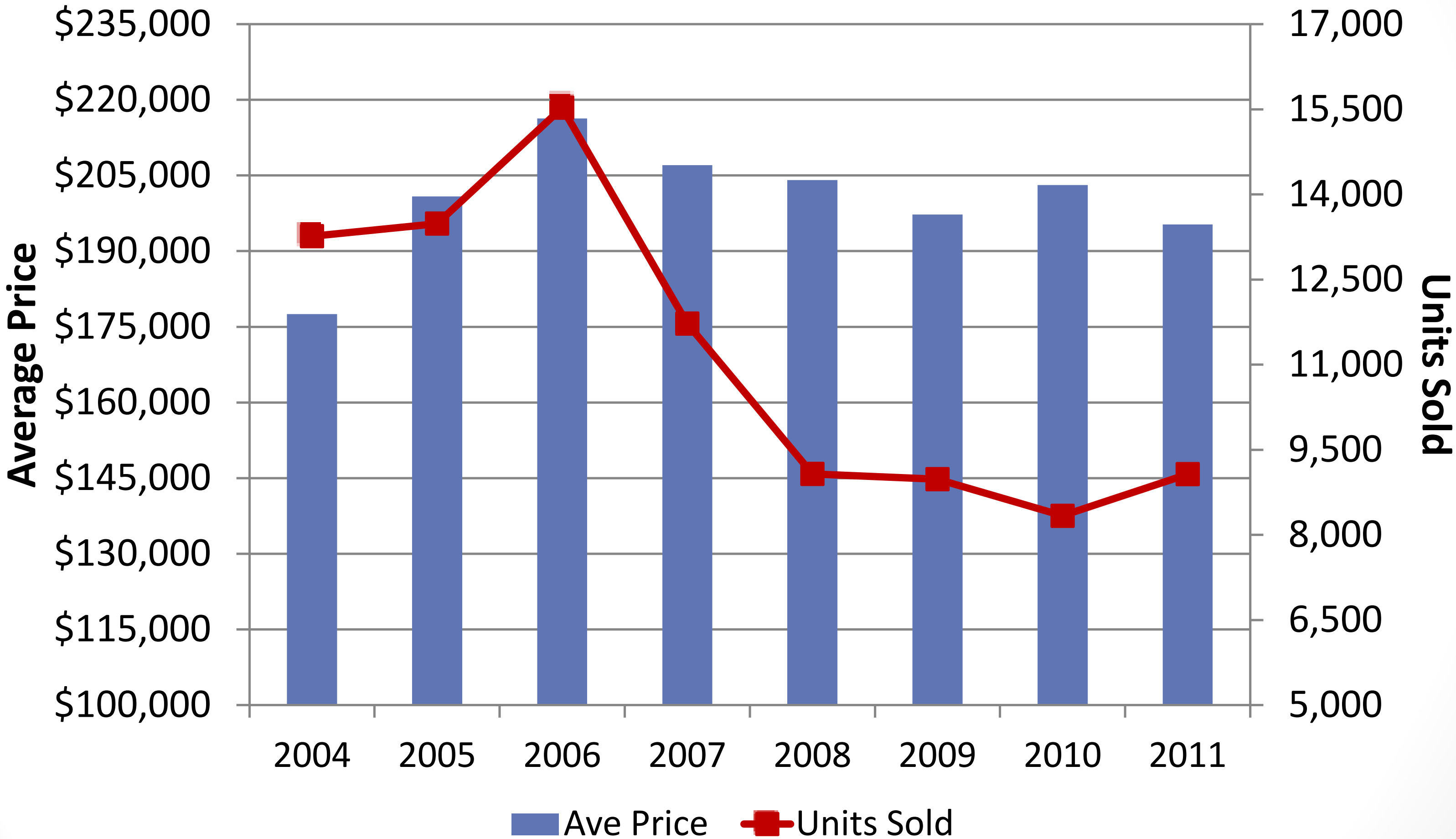
New Orleans Metro vs. US



Source: RealtyTrac

Prepared by UNO Division of Business & Economic Research

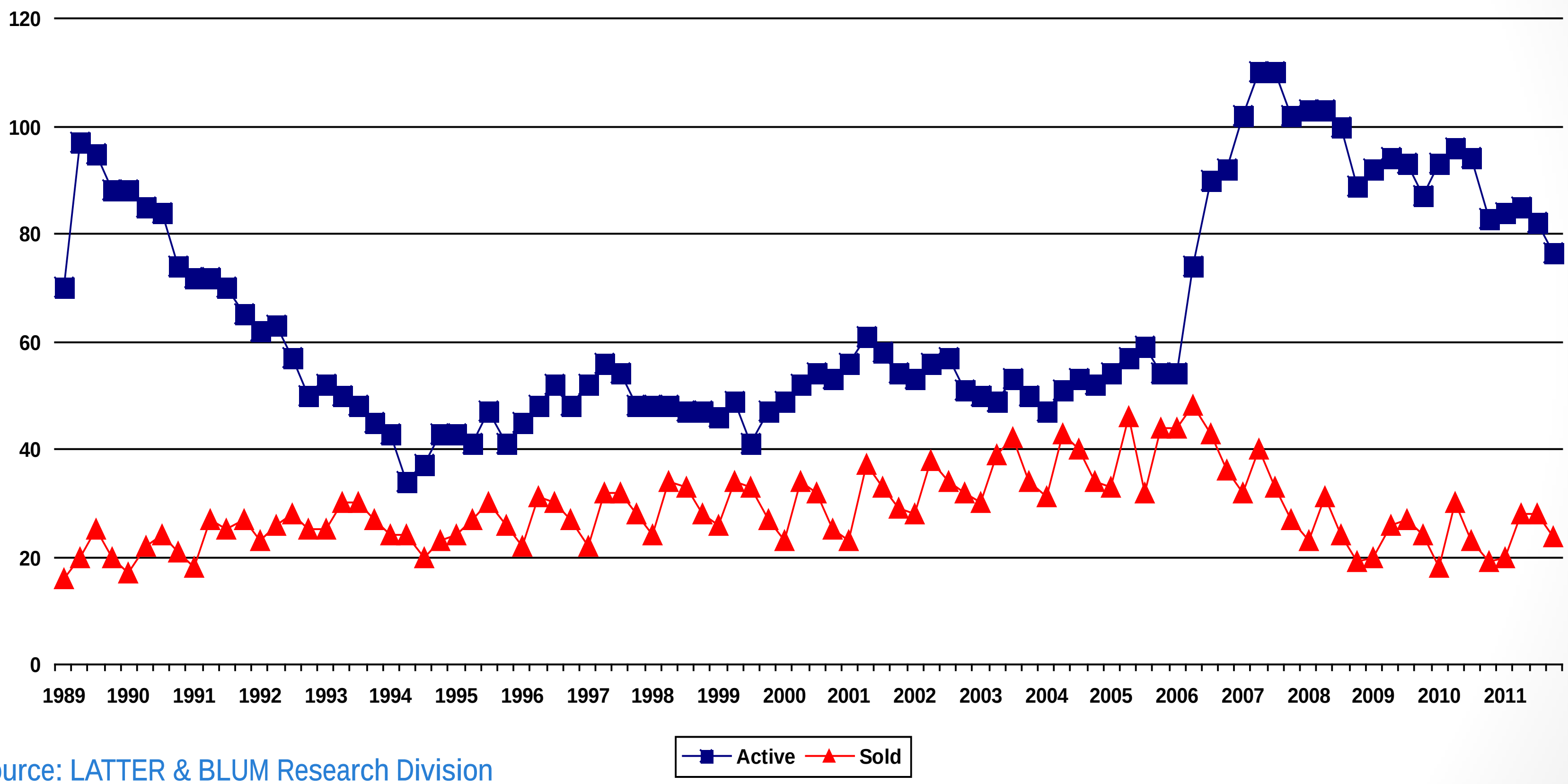
Single Family Average Price & Units Sold Metro – 2004 to 2011



Source: New Orleans Metropolitan Association of Realtors

Greater New Orleans Area

Single Family- Active Listings vs. Sold Listings
1989 thru 2011 FOURTH QUARTER

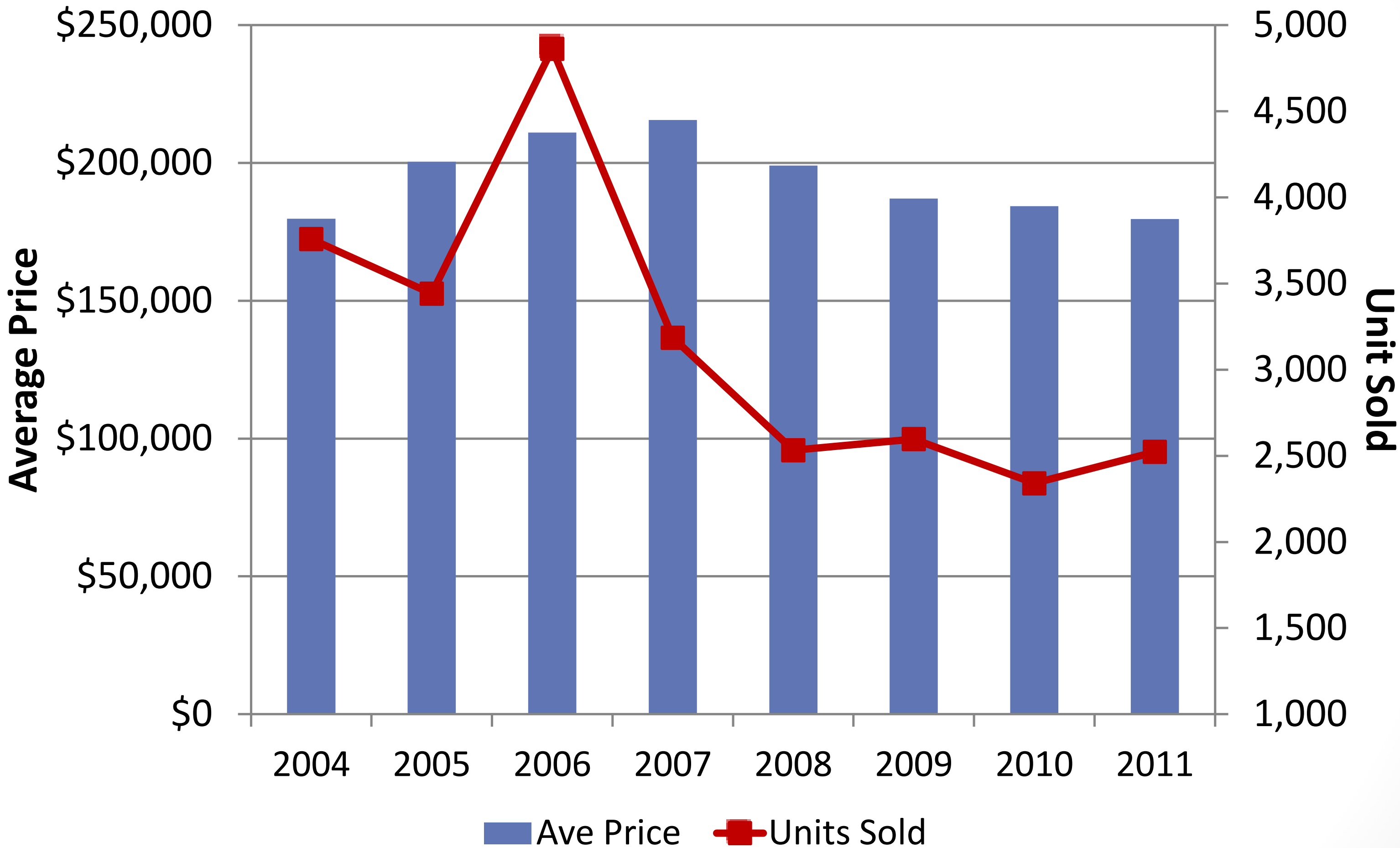


Source: LATTER & BLUM Research Division

Numbers are in hundreds for existing residential property only.

This representation is based in whole or in part on data supplied by New Orleans Metropolitan Association of Realtors, St. Tammany Association of Realtors, Tangipahoa Board of Realtors, Baton Rouge Board of Realtors or their Multiple Listing Services. Neither the Boards, Associations, nor their MLS guarantees or is in any way responsible for its accuracy. Data maintained by the Boards, Associations or their MLS may not reflect all real estate activity for all years.

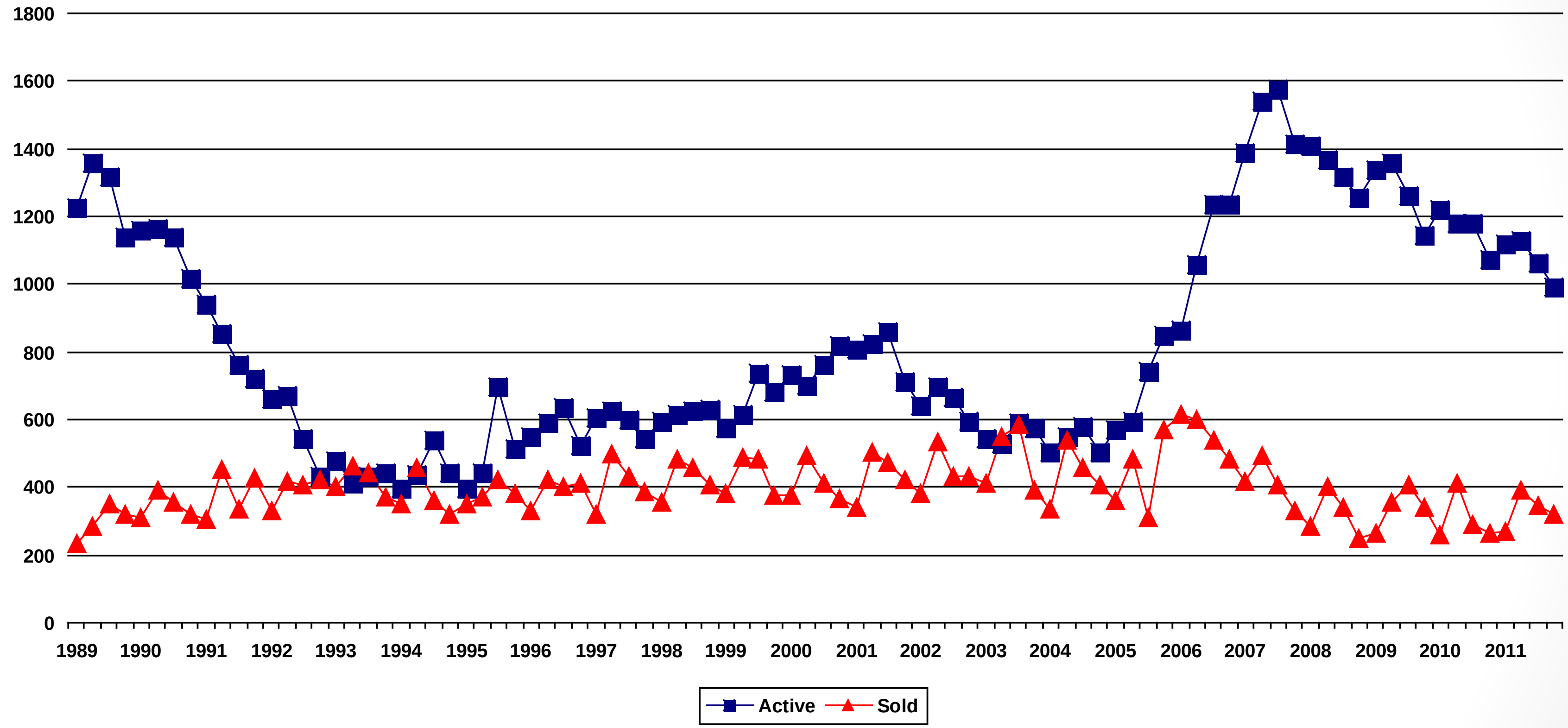
Single Family Average Price & Units Sold Jefferson Parish – 2004 to 2011



Source: New Orleans Metropolitan Association of Realtors

Metairie Area

Single Family- Active Listings vs. Sold Listings
1989 thru 2011 FOURTH QUARTER



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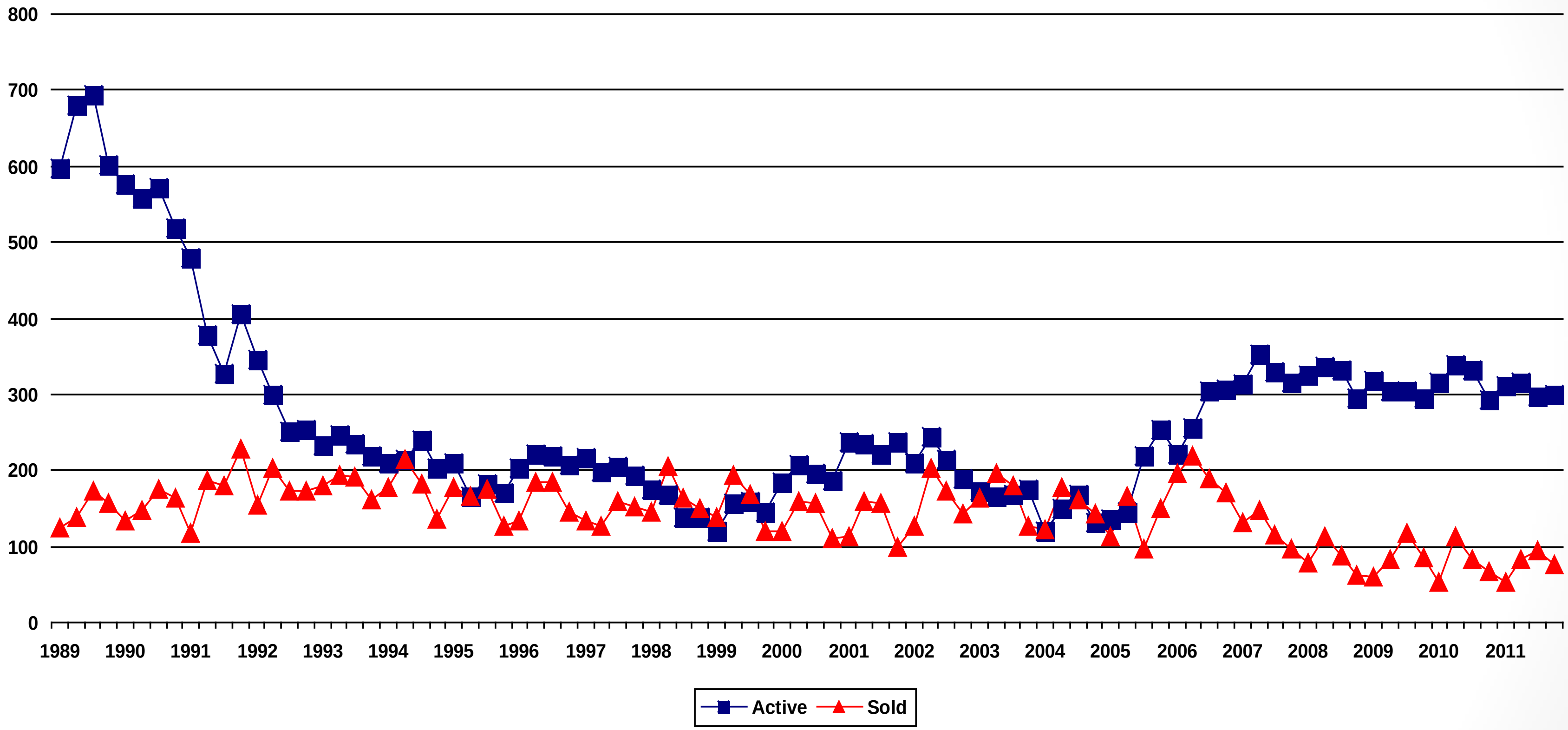
Kenner Area

Single Family- Active Listings vs. Sold Listings
1989 thru 2011 FOURTH QUARTER



Source: LATTER & BLUM Research Division

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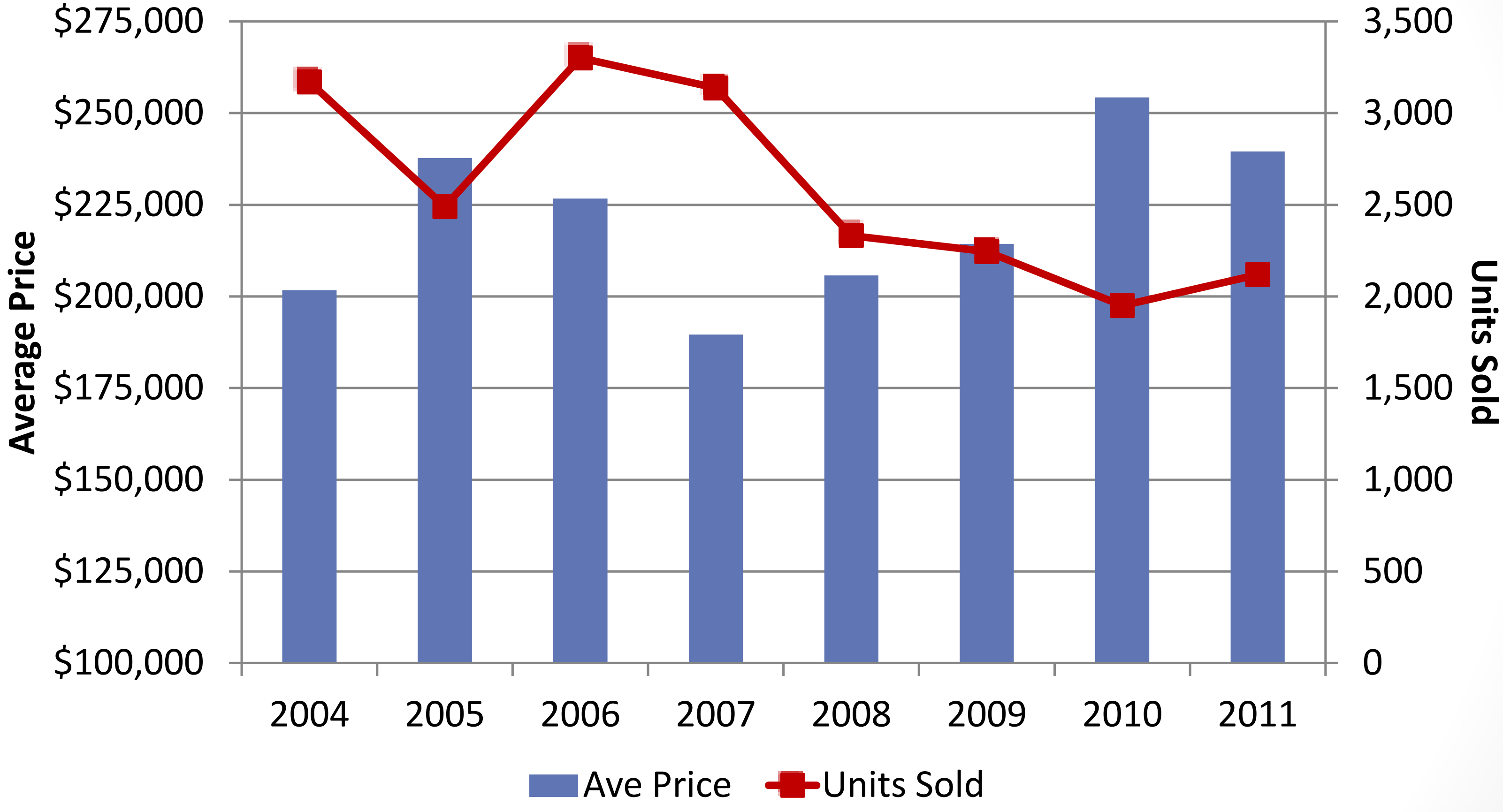
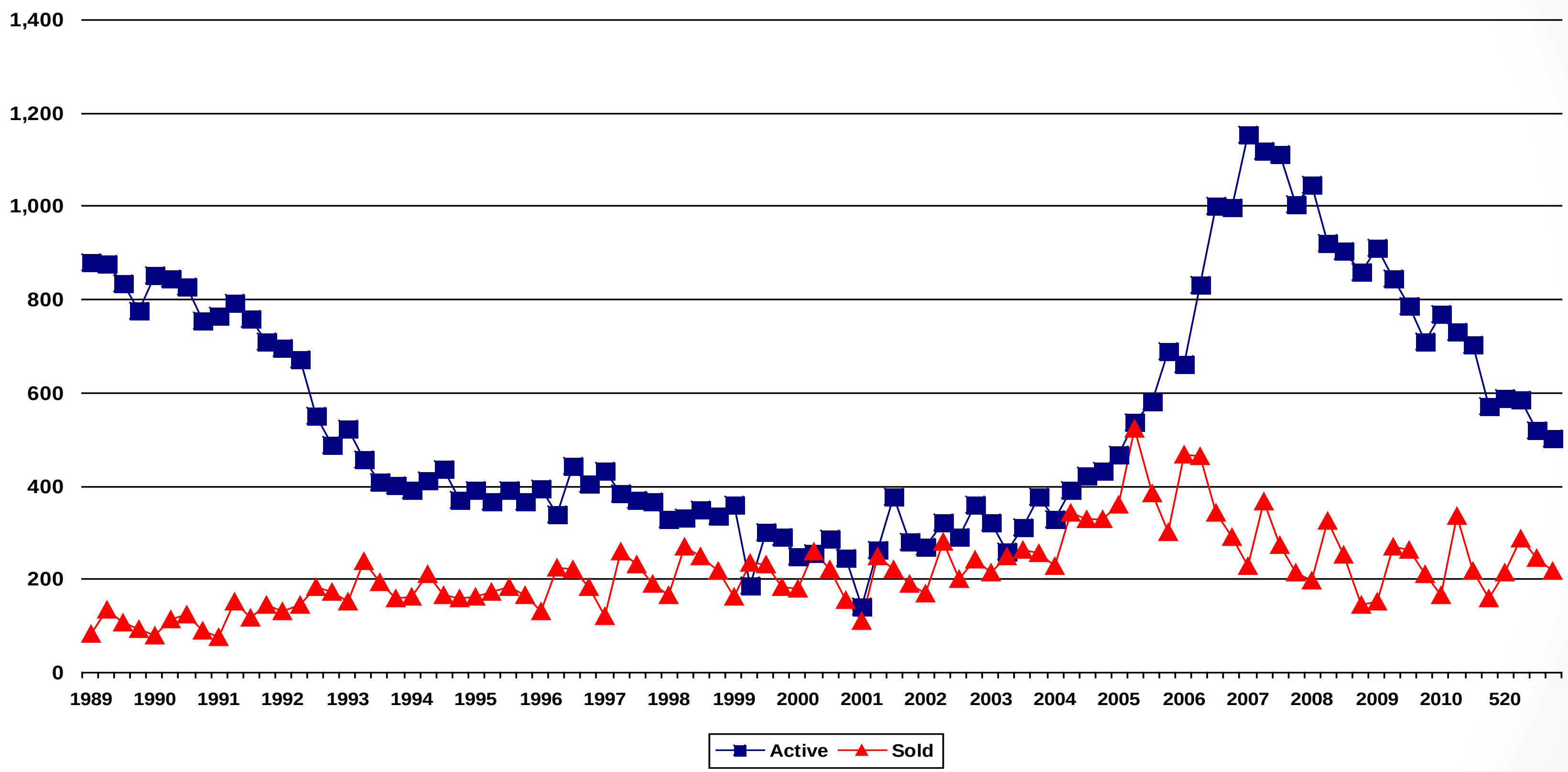
Single Family Average Price & Units Sold Orleans Parish – 2004 to 2011



Source: New Orleans Metropolitan Association of Realtors

Uptown Area

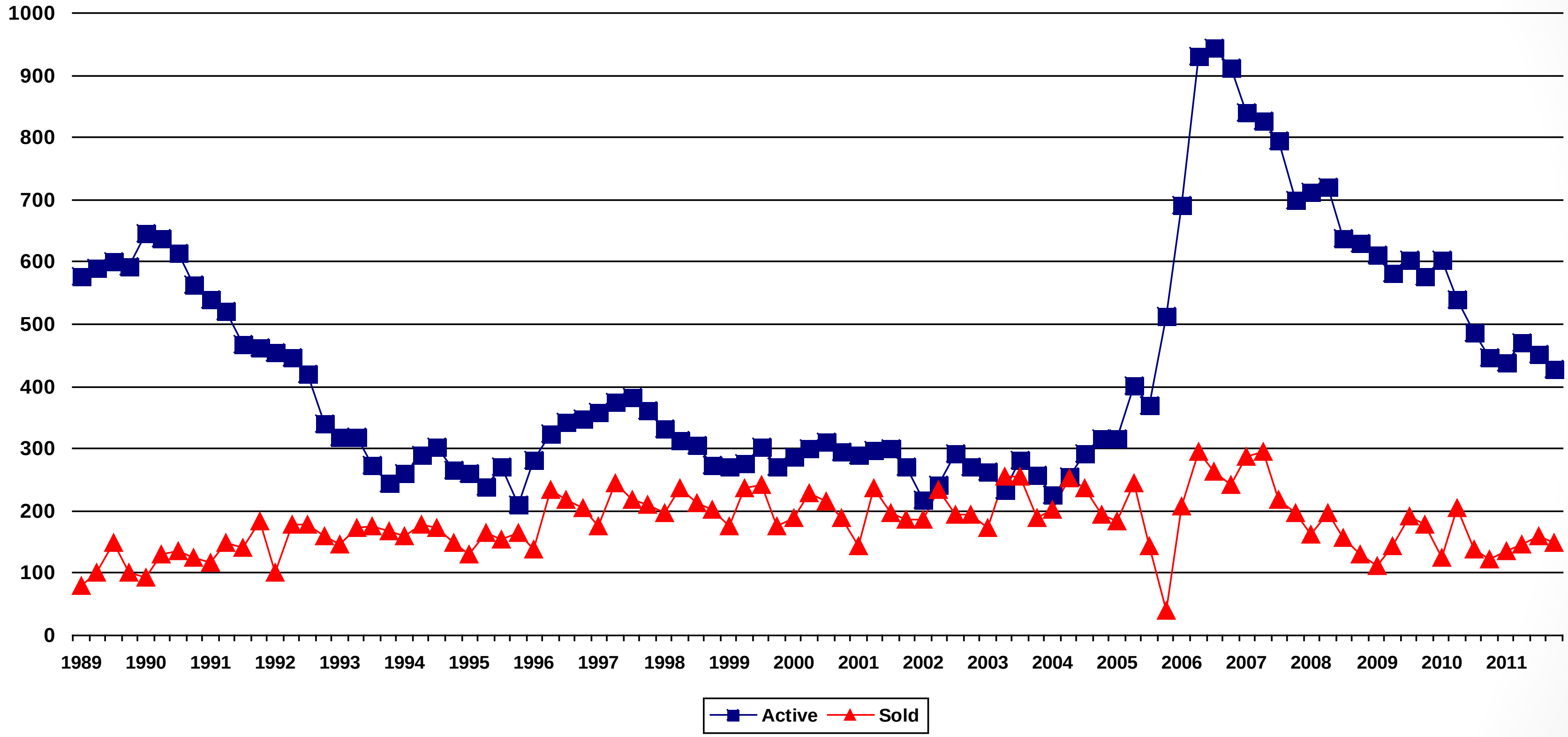
Single Family- Active Listings vs. Sold Listings
1989 thru 2011 FOURTH QUARTER



Source: LATTER & BLUM Research Division

Lakefront Area

Single Family- Active Listings vs. Sold Listings
1989 thru 2011 FOURTH QUARTER



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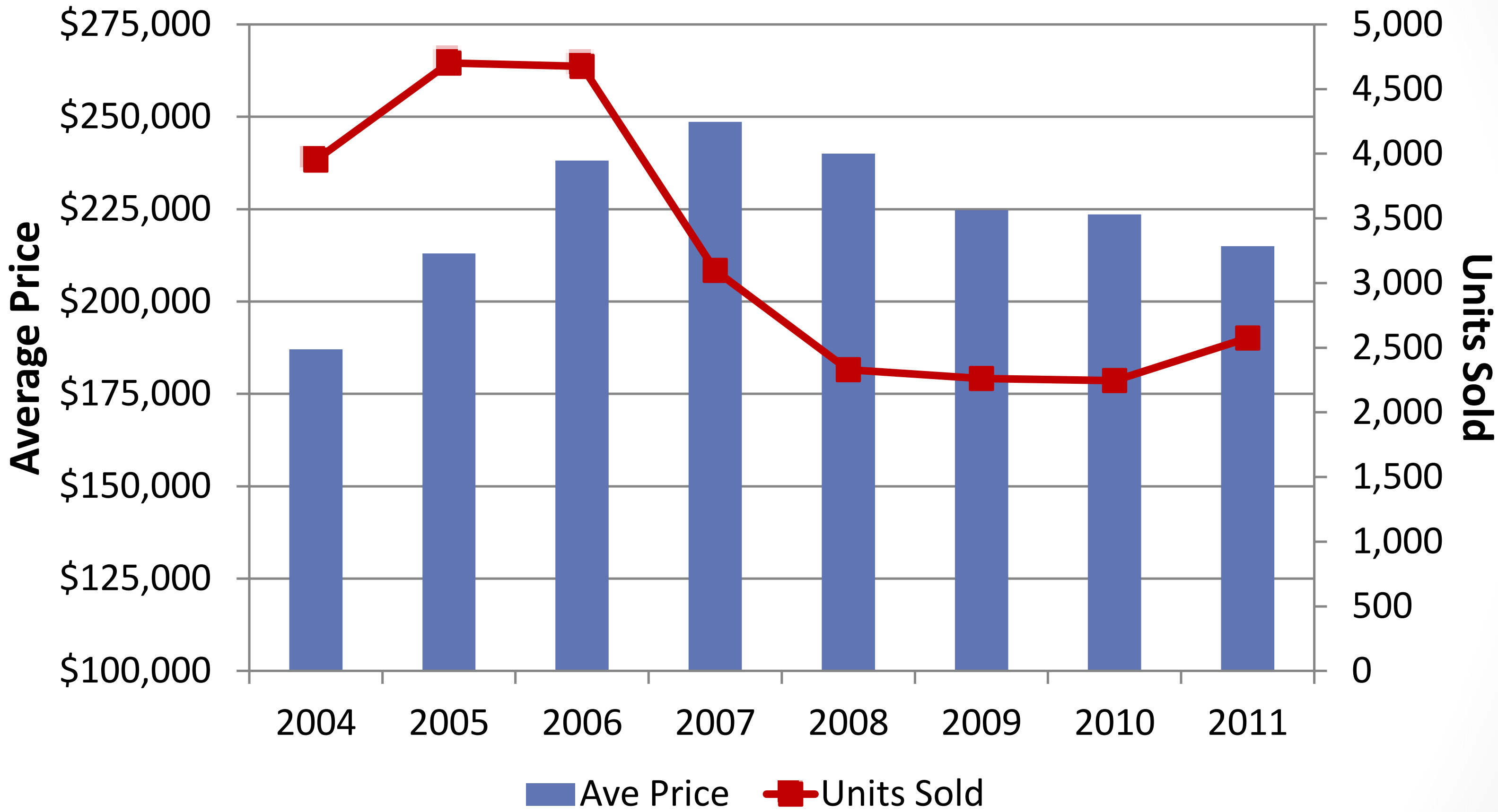
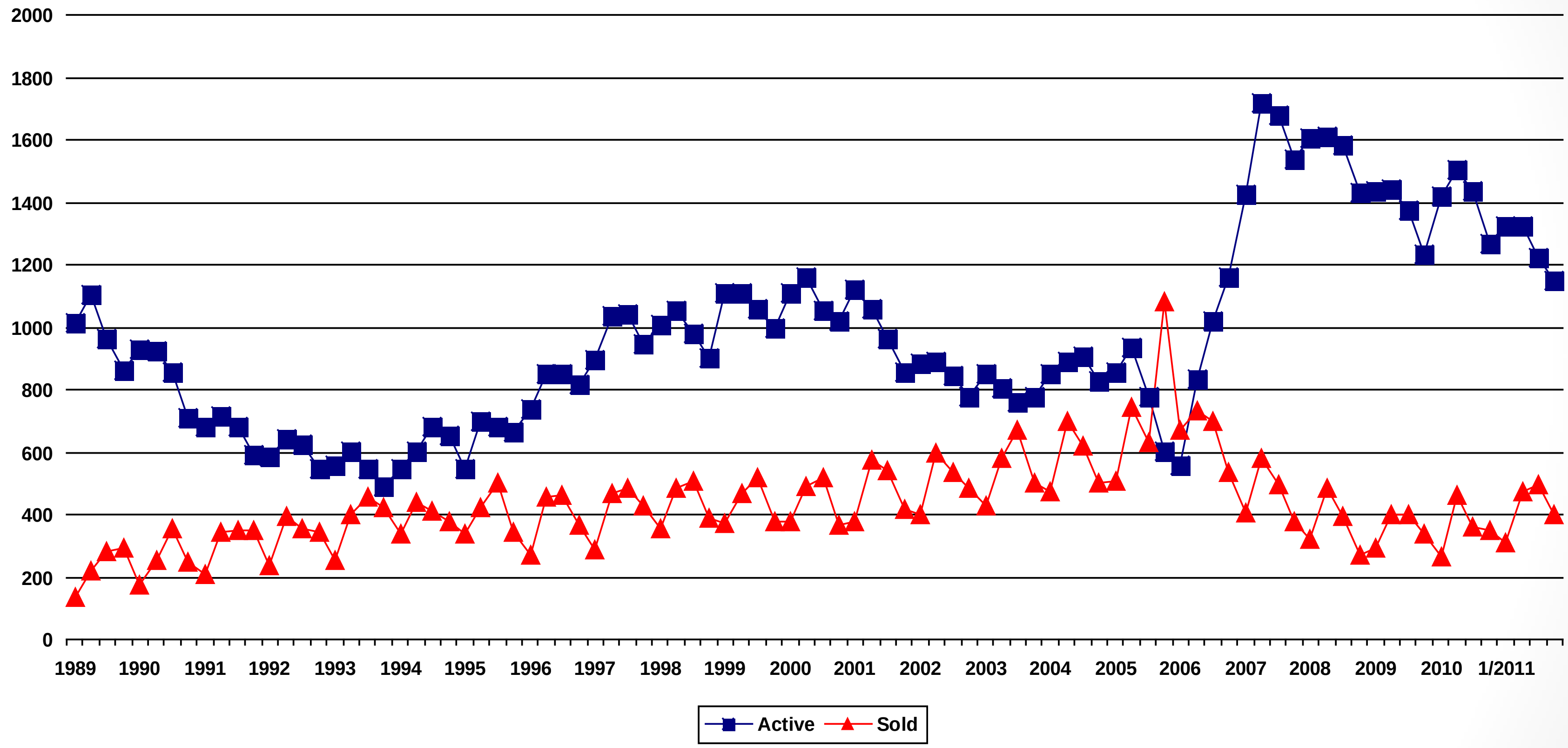
Single Family Average Price & Units Sold St. Tammany Parish – 2004 to 2011



Source: New Orleans Metropolitan Association of Realtors

Mandeville Area

Single Family- Active Listings vs. Sold Listings
1989 thru 2011 FOURTH QUARTER

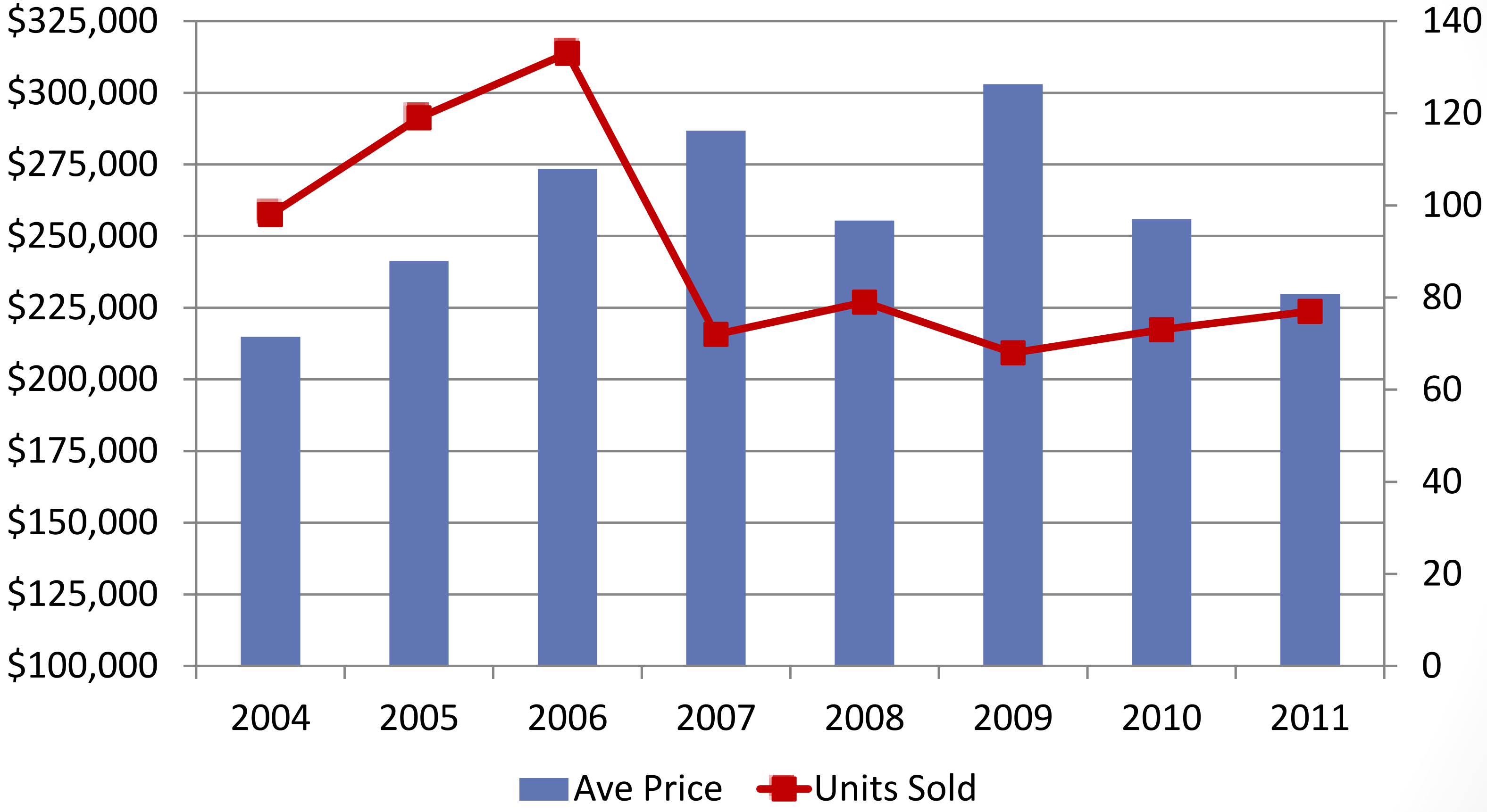


Source: LATTER & BLUM Research Division

Single Family Average Price & Units Sold St. Bernard Parish – 2004 to 2011

Source: New Orleans Metropolitan Association of Realtors

Single Family Average Price & Units Sold Plaquemines Parish – 2004 to 2011



Source: New Orleans Metropolitan Association of Realtors

Greater New Orleans Area

Months of Inventory

2011 – 10.4 Months

2012 – 7.5 Months

Source: LATTER & BLUM Research Division

Area by Area

Months of Inventory Snapshot

	2011	VS	2012
East Jefferson	10.6		7.3
Garden/Uptown	7.6		5.3
Metairie	10.0		8.0
River Parishes	9.9		5.8
Lakefront/Gentilly	10.6		6.6
Historic District	11.8		8.3
West Bank	10.0		7.3
W. St. Tammany	9.5		8.4
E. St. Tammany	14.7		8.1

Source: LATTER & BLUM Research Division

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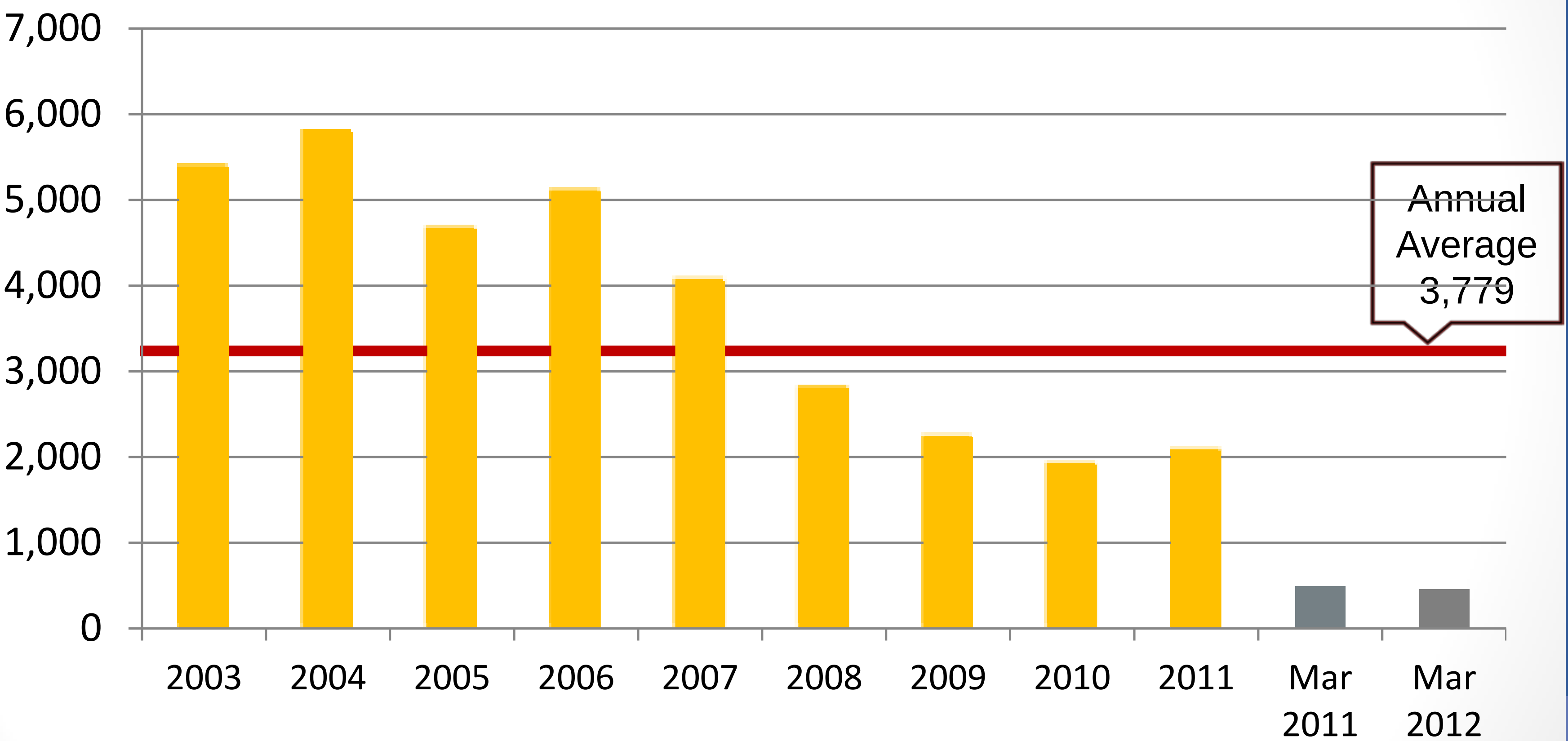
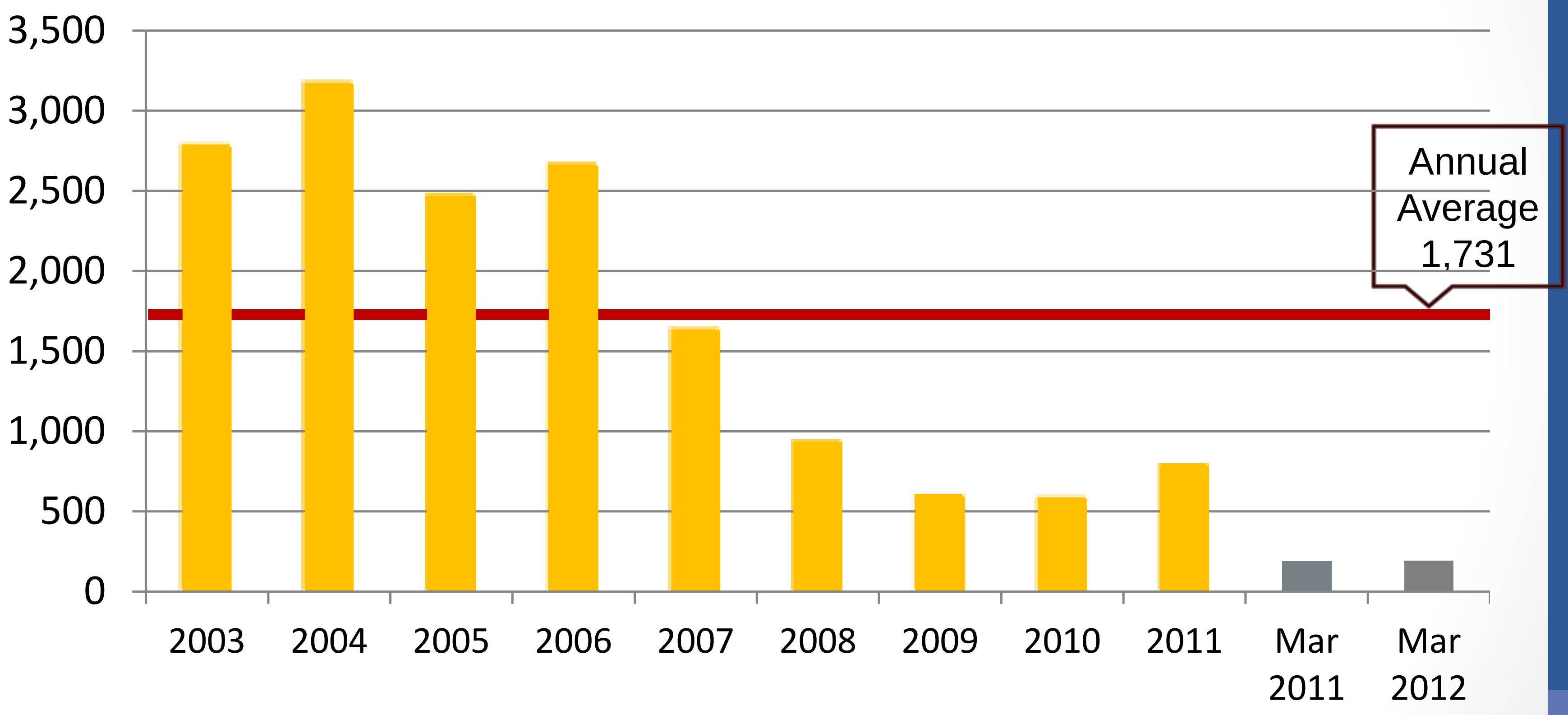
Single Family Building Permits New Orleans Metro: 2004 –2012, March



Source: US Census Bureau, Residential Permits

Single Family Building Permits St. Tammany Parish: 2004 – 2012, March

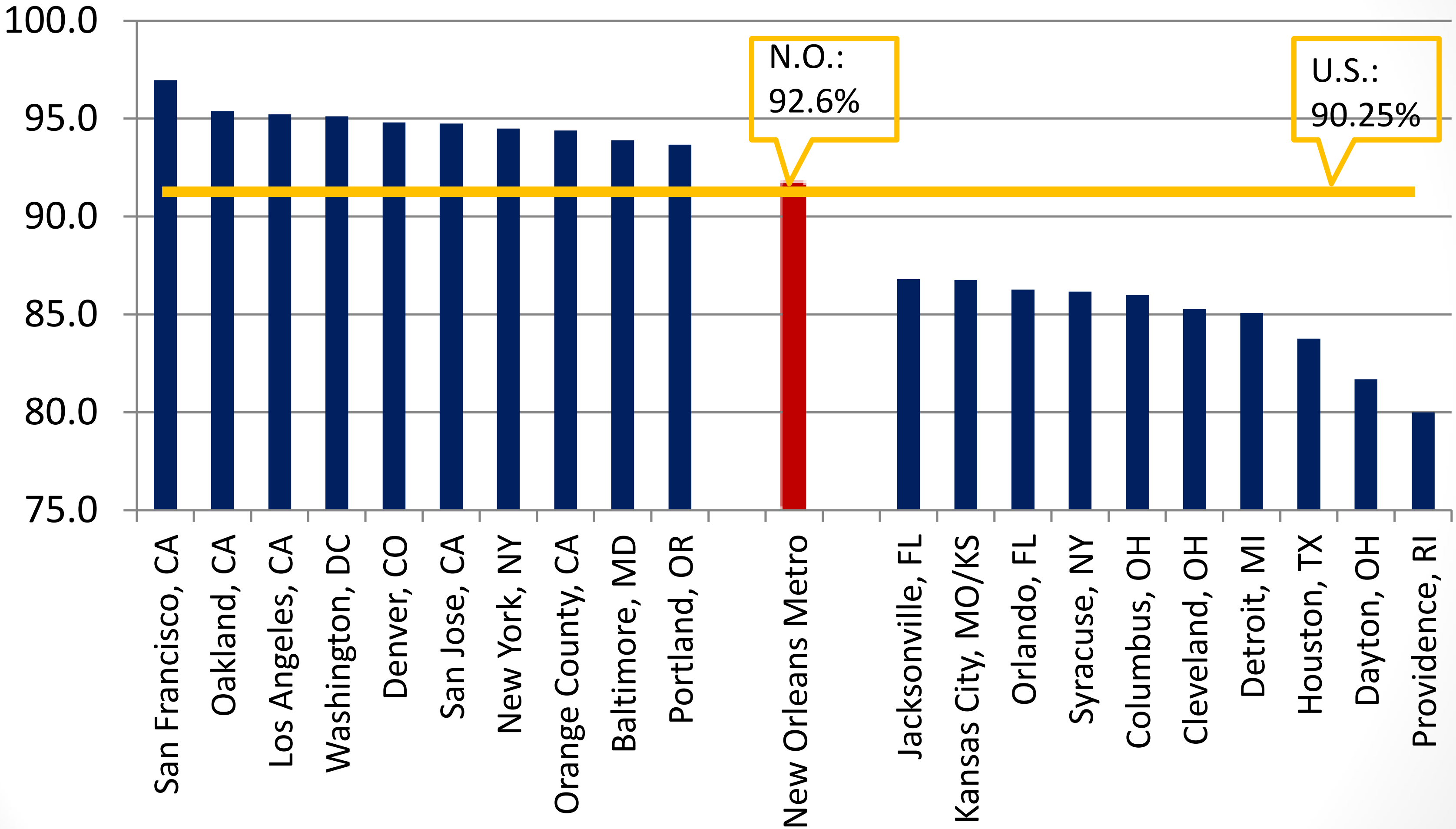


Source: US Census Bureau, Residential Permits

Macro Trends and the Apartment Market

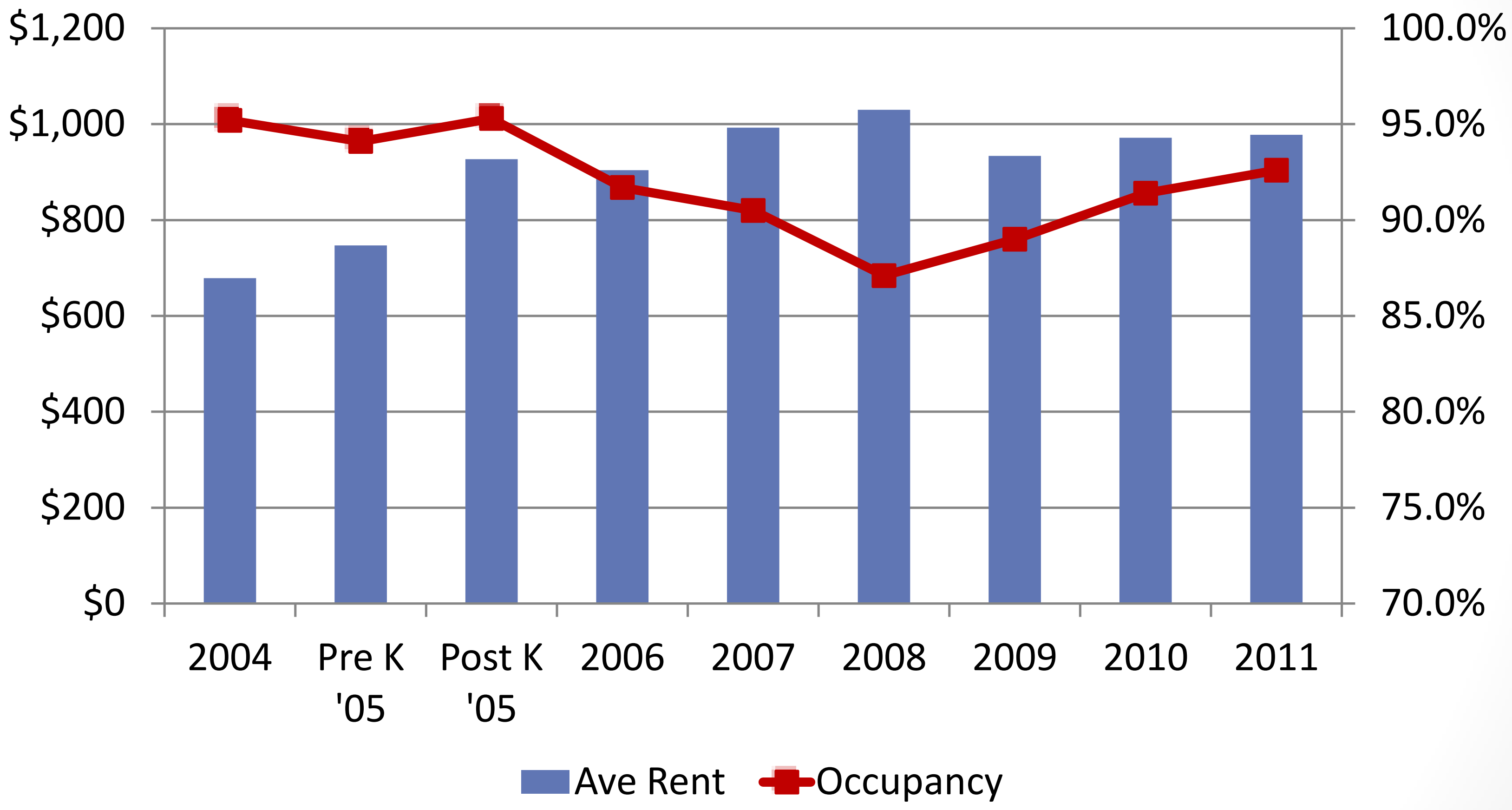
- Recovering Economy
  - Household Formations
  - Undoubling
- Mortgage Market Fallout
  - Foreclosures – “willful” and otherwise
  - Displaced Owners and Renters
  - Homeownership Postponed
  - Ramped Up Loan Qualification
- Housing Price Uncertainty
  - Buy Now? Wait? Rent.

Apartment Market – Select U.S. Cities
Ten Highest & Lowest Occupancy Rates, 2011



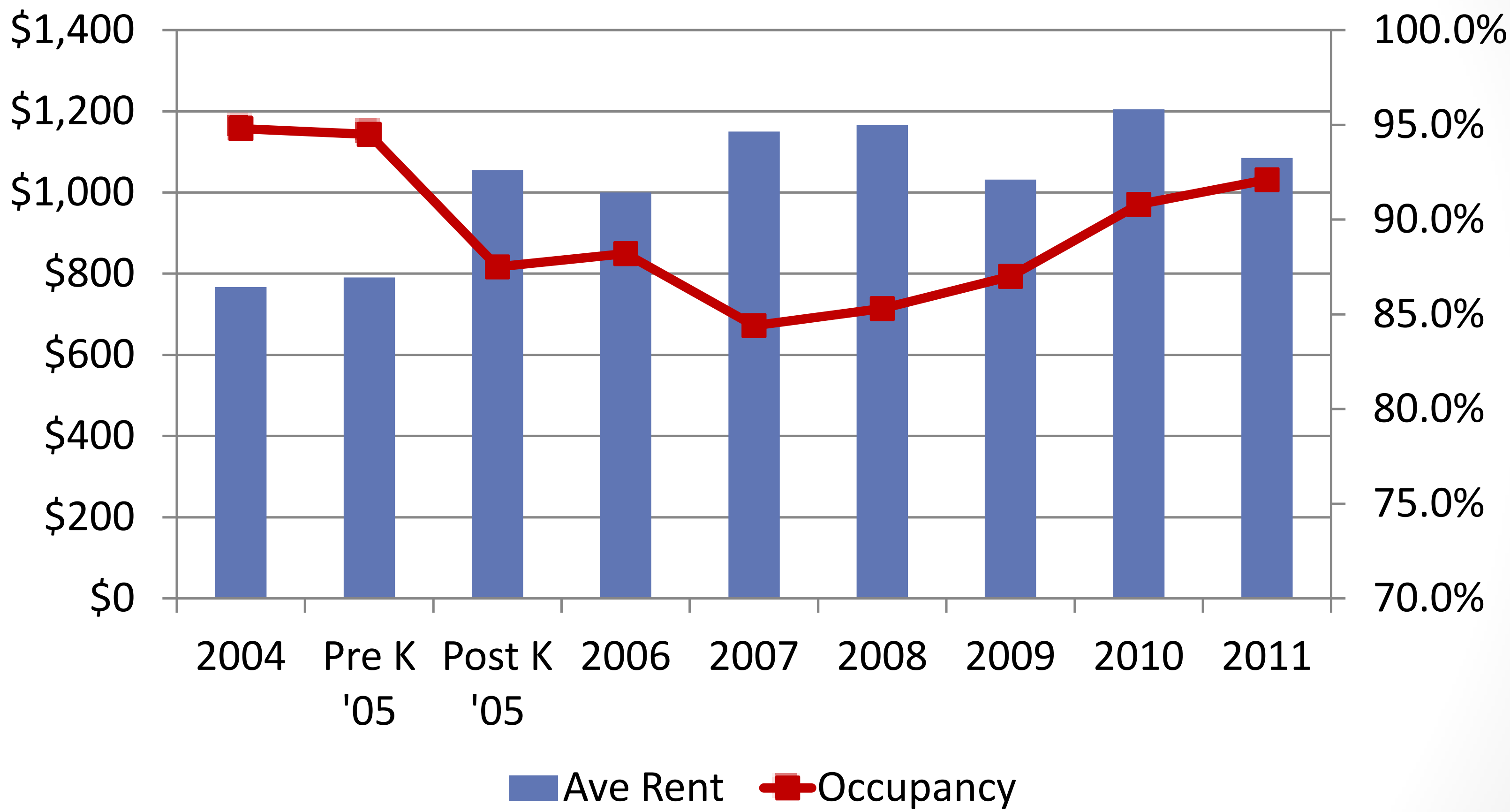
Source: Integra Realty Resources & Institute for Economic Development & Real Estate Research Surveys

Apartment Average Rent & Occupancy Metro – 2004 to 2011



Source: UNO Real Estate Center Surveys

Apartment Average Rent & Occupancy Orleans Parish – 2004 to 2011



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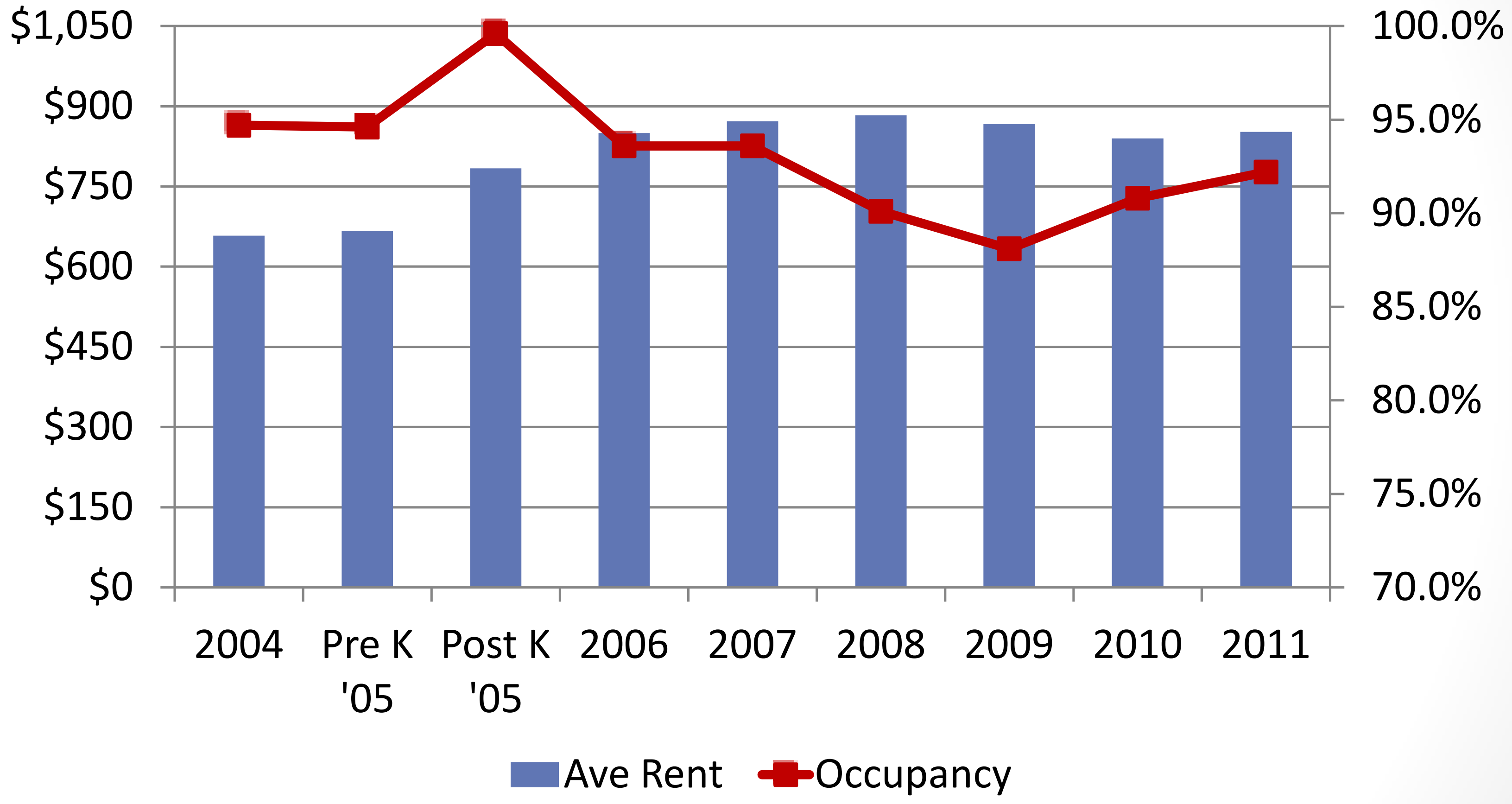
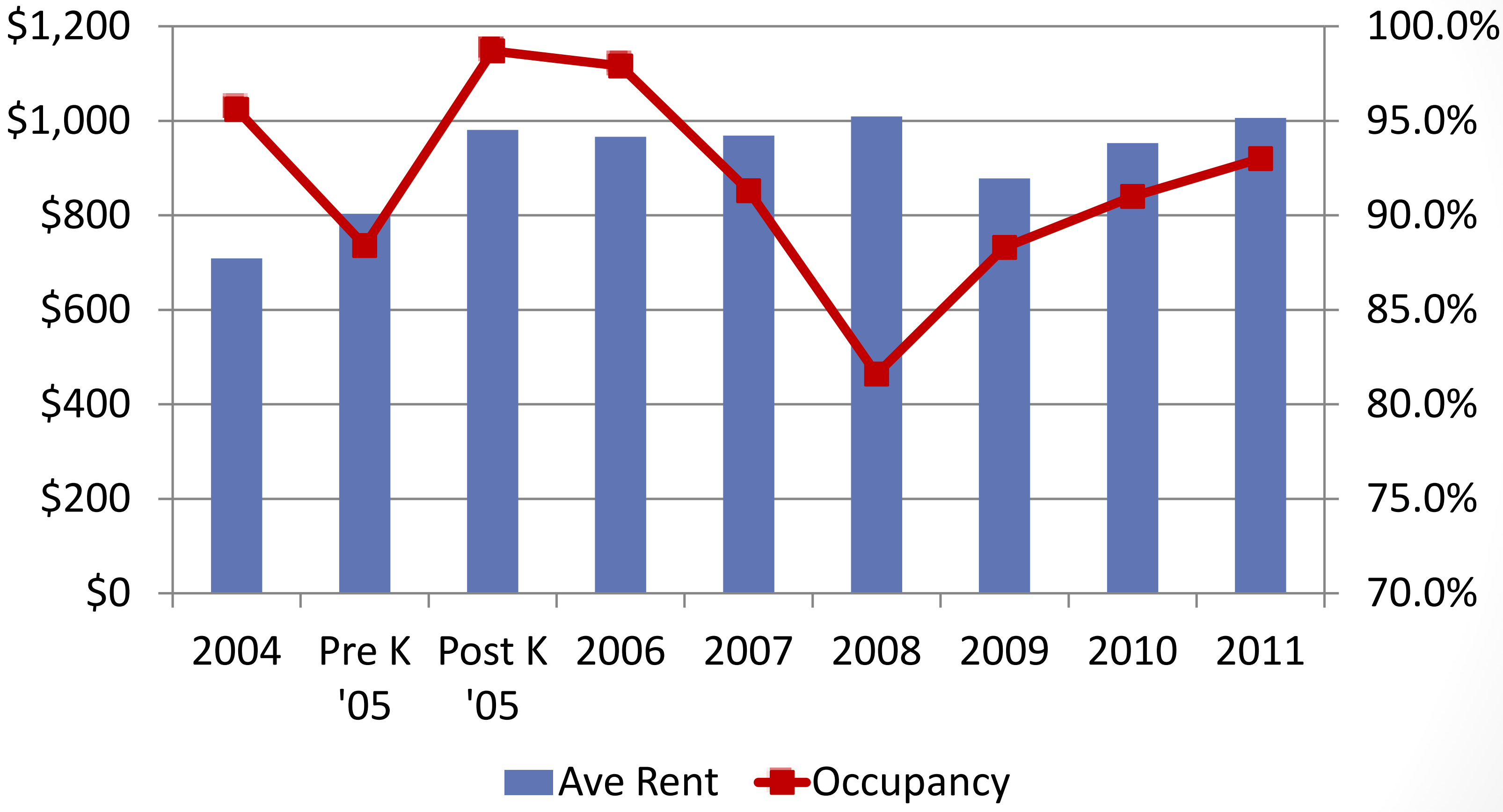
Apartment Average Rent & Occupancy Jefferson Parish – 2004 to 2011



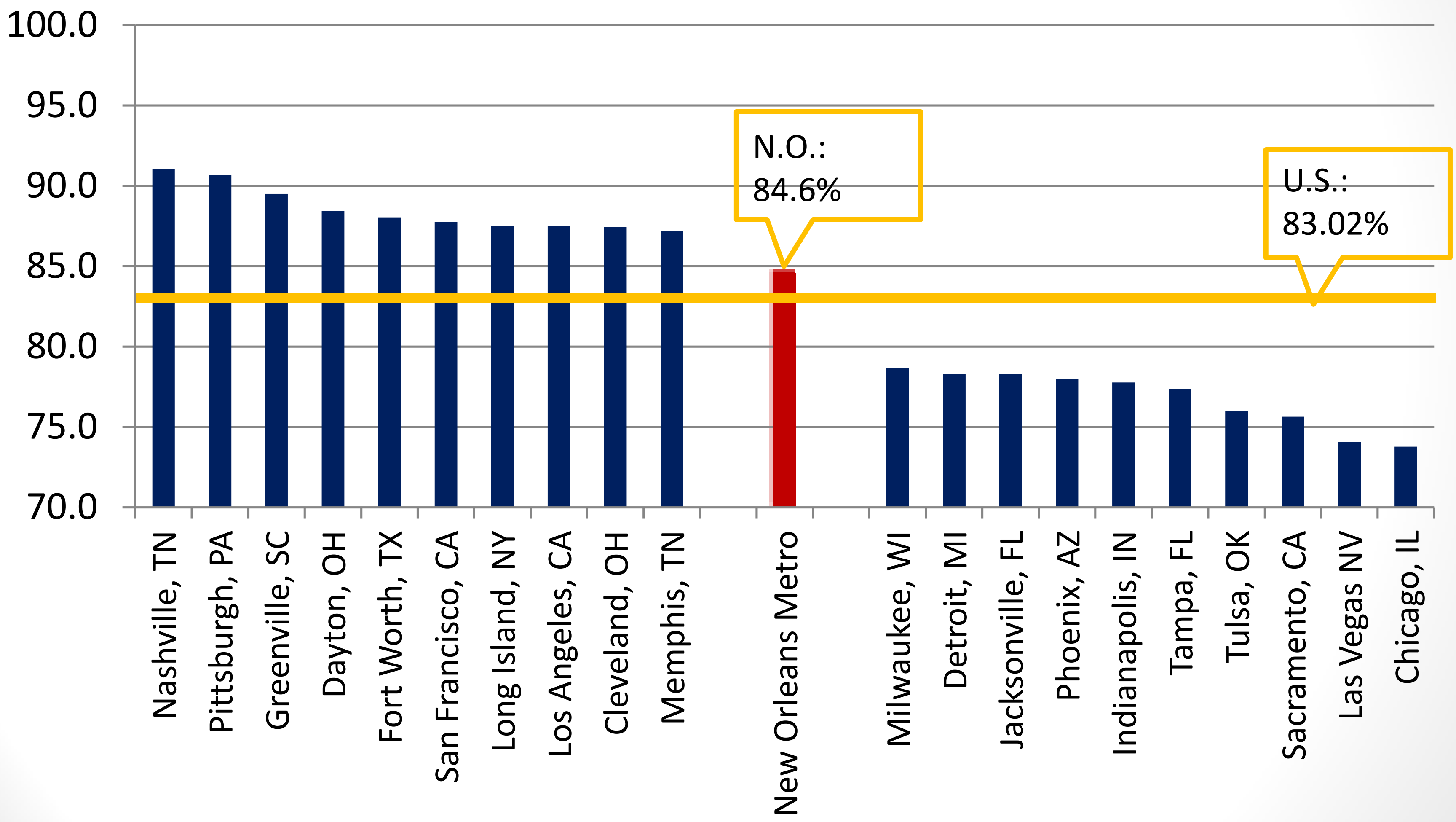
Source: UNO Real Estate Center Surveys

Apartment Average Rent & Occupancy St. Tammany Parish – 2004 to 2011



Source: UNO Real Estate Center Surveys

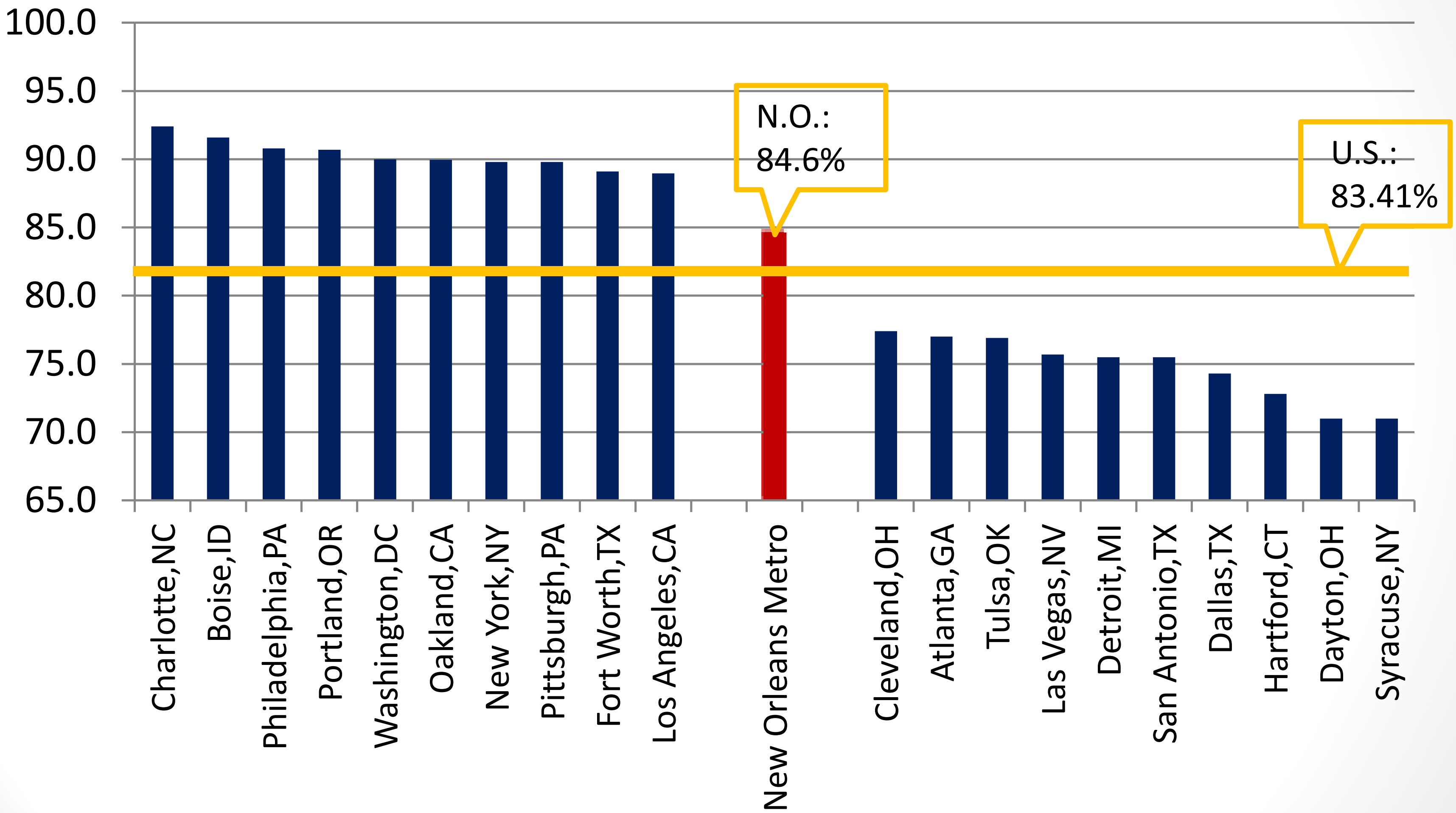
Office Suburban Market – Select U.S. Cities
Ten Highest & Lowest Occupancy Rates, 2011



* New Orleans Metro occupancy rate includes Suburban and CBD market sectors

Source: Integra Realty Resources & Institute for Economic Development & Real Estate Research Surveys

Office CBD Market – Select U.S. Cities
Ten Highest & Lowest Occupancy Rates, 2011



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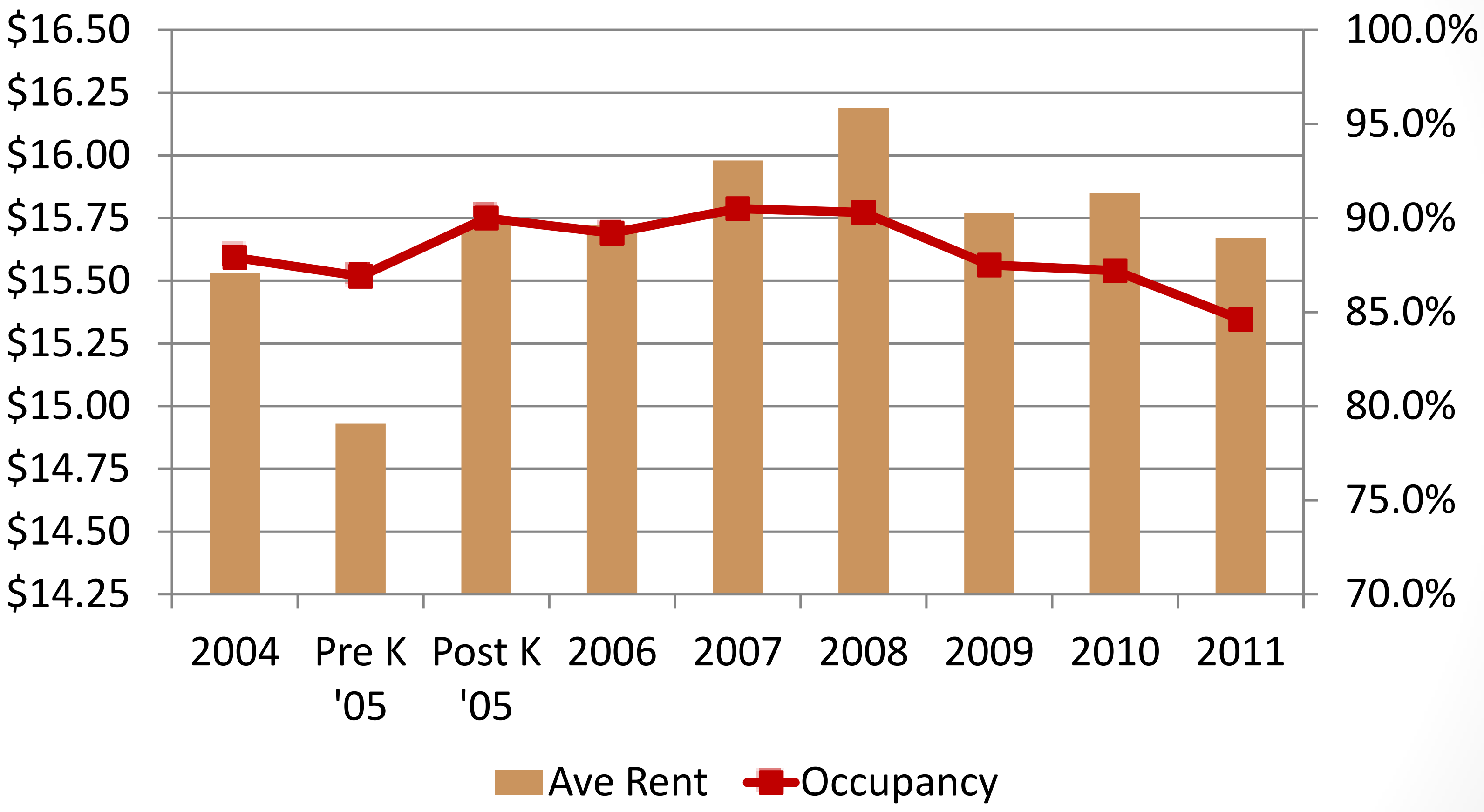
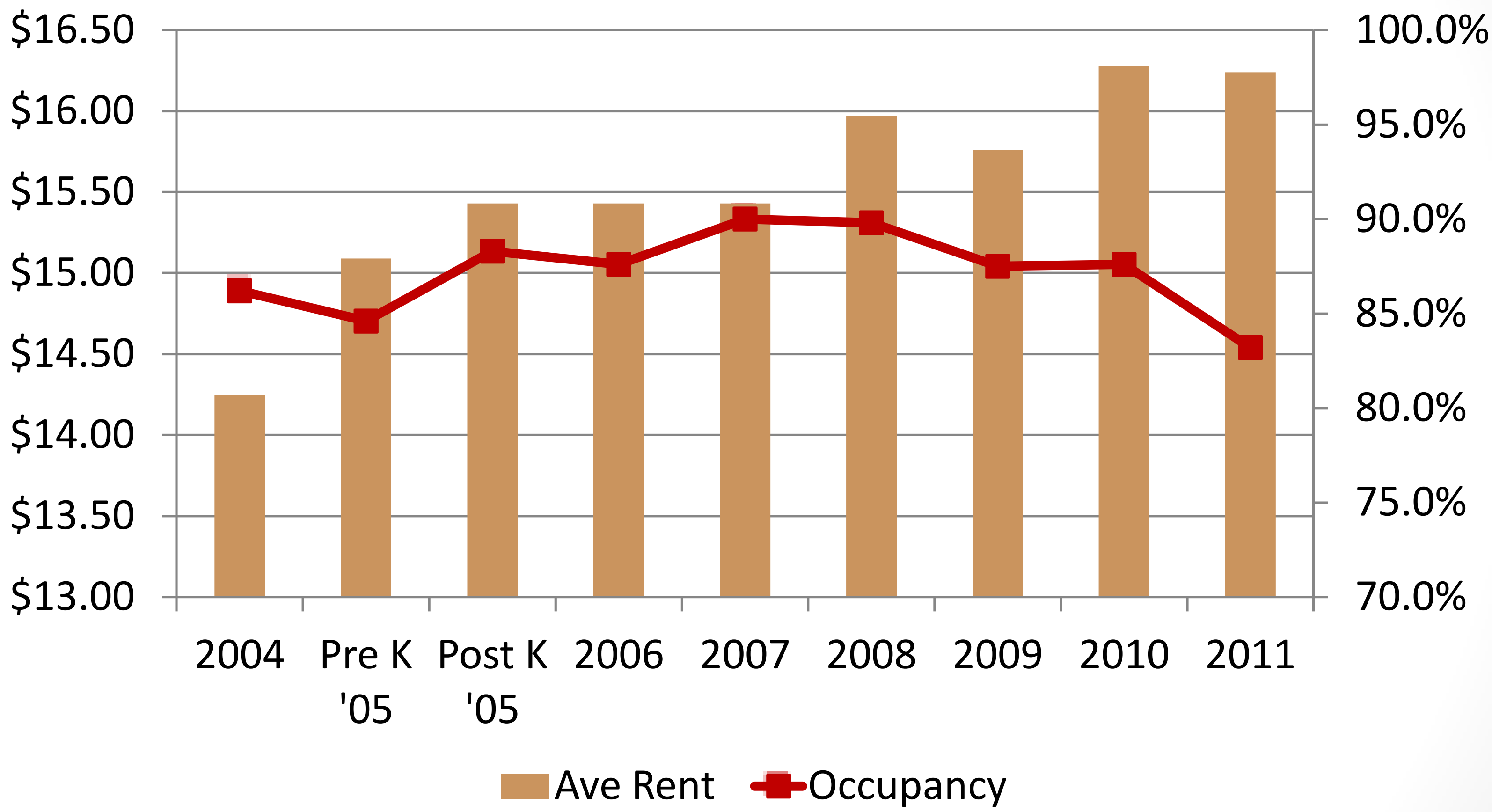
Office Average Rent & Occupancy Metro – 2004 to 2011



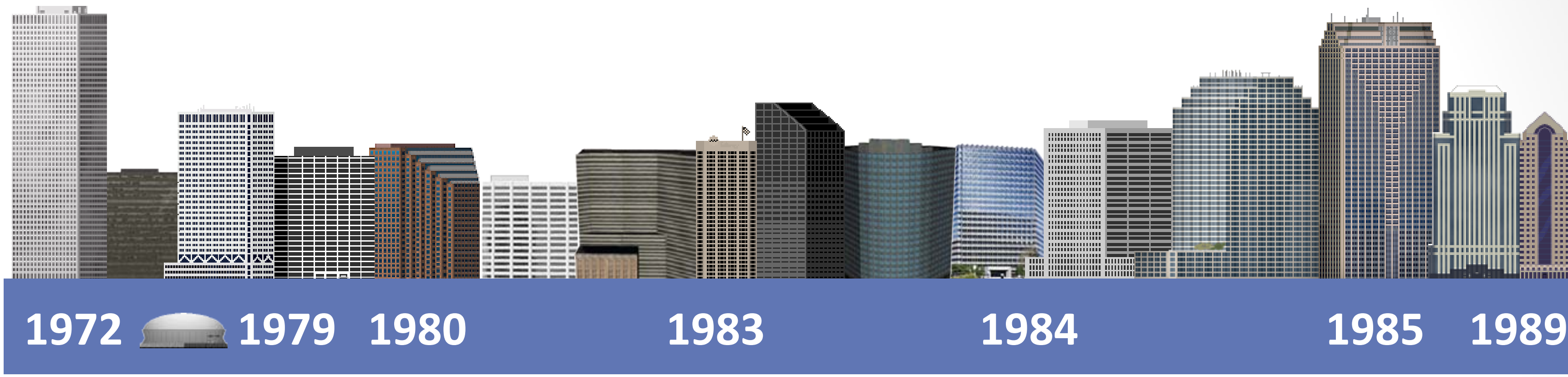
Source: UNO Real Estate Center Surveys

Office Average Rent & Occupancy Orleans Parish – 2004 to 2011



Source: UNO Real Estate Center Surveys

CBD Class A Skyline



- Current Class A Inventory: 9,674,351 SF in 16 buildings
- 61% completed between 1980 and 1985
- Last addition (now Benson Tower) in 1989

Major Oil/Gas Retreat from Market

Covington, LA

Who has filled the space

- Legal 
- Governmental
- Health
- Software/new entrepreneurial wave
- Shorter term special projects
  - Katrina related (engineers, insurers, etc.)
  - BP related (legal, research)

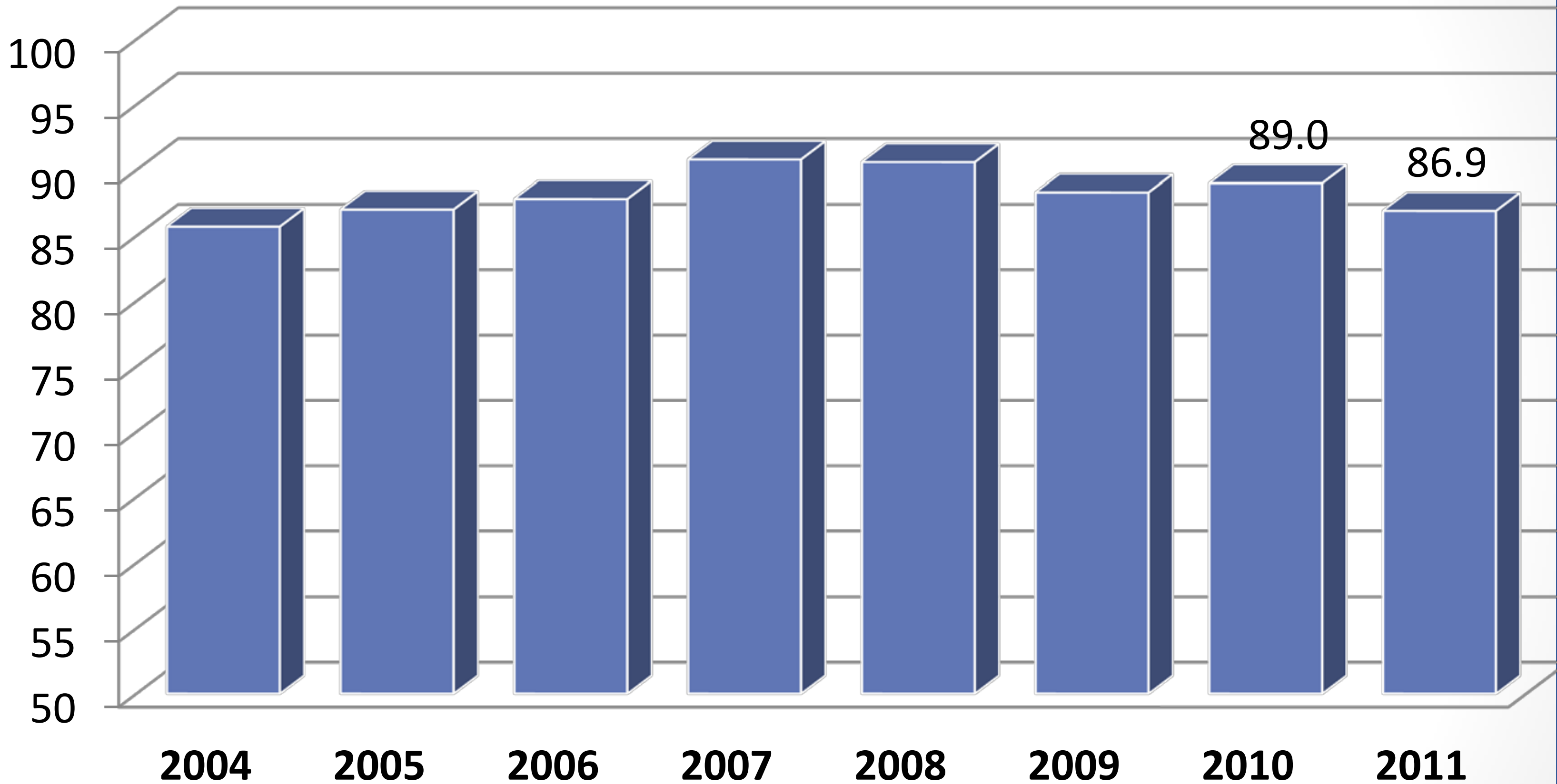
DEPARTMENT OF HEALTH AND HOSPITALS

Ochsner Health System

GAMELOFT

bp

CBD Class A Tower Percentage Occupancy

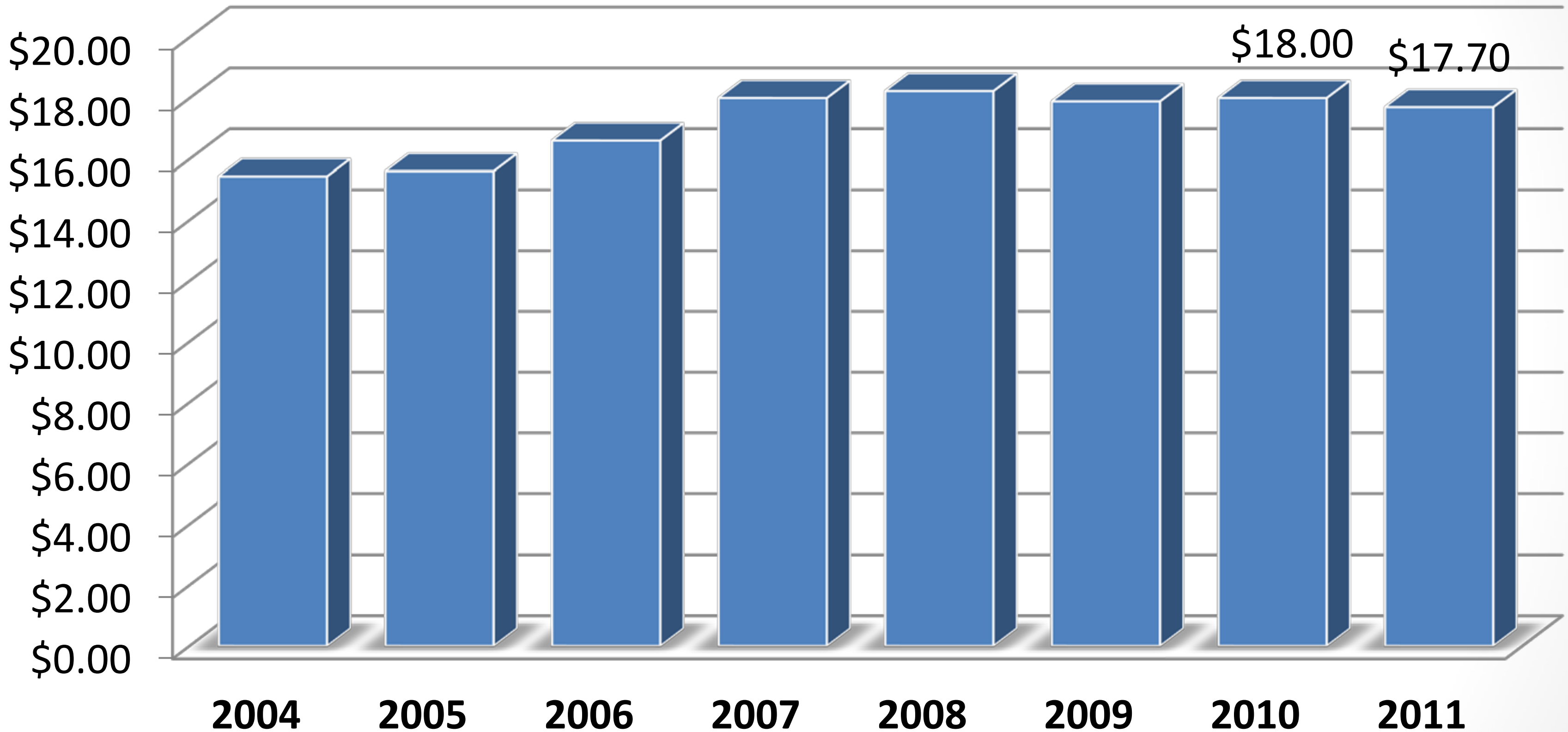


But... In 2011, there was 528,375 square feet more of occupied office space in the CBD than in 2010

Benson Tower - 488,000 SF
Now 93% leased

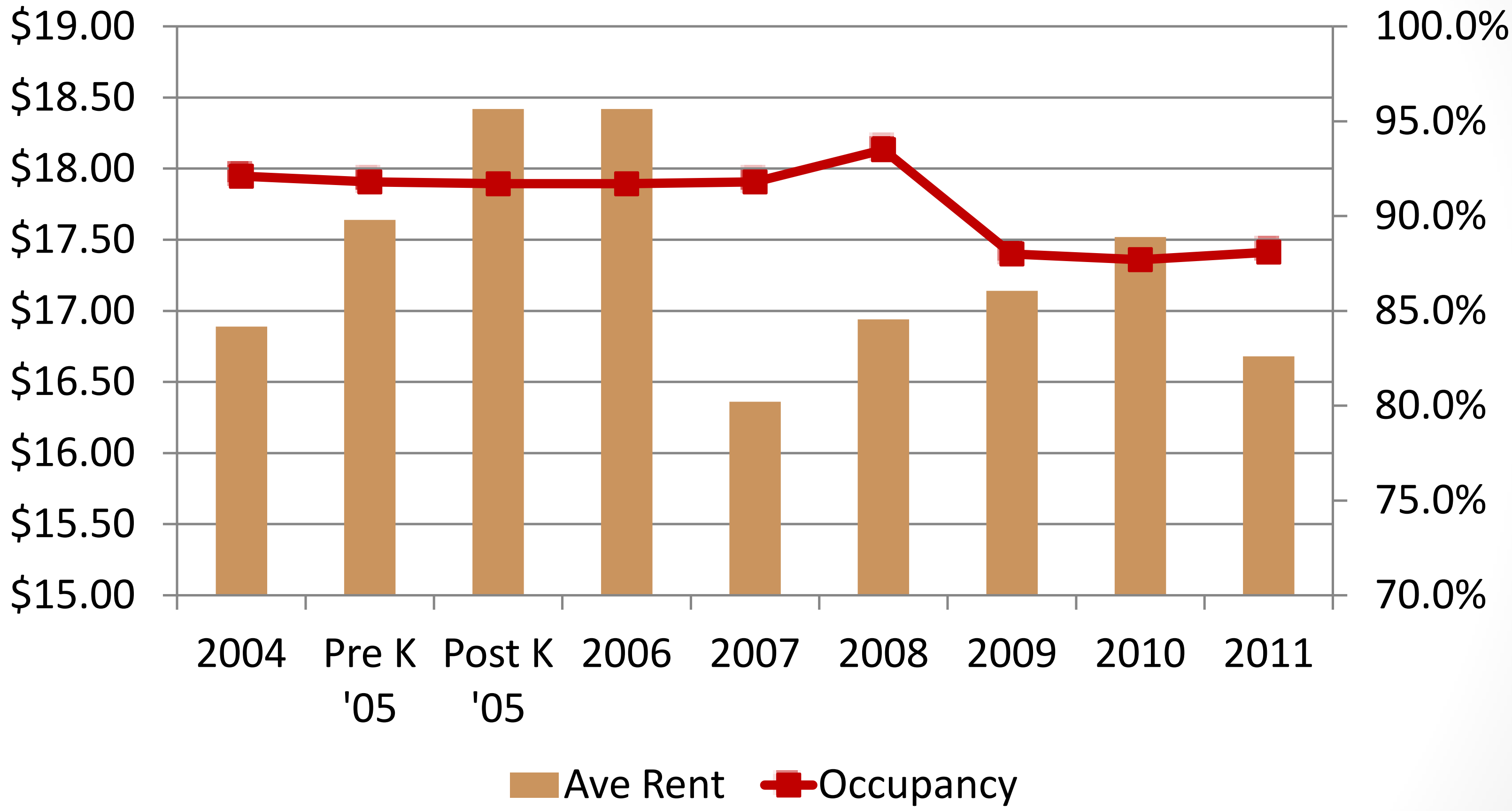
Exchange Centre- 400,000 SF
Now 31% leased

CBD Class A Tower Office Rental Rates



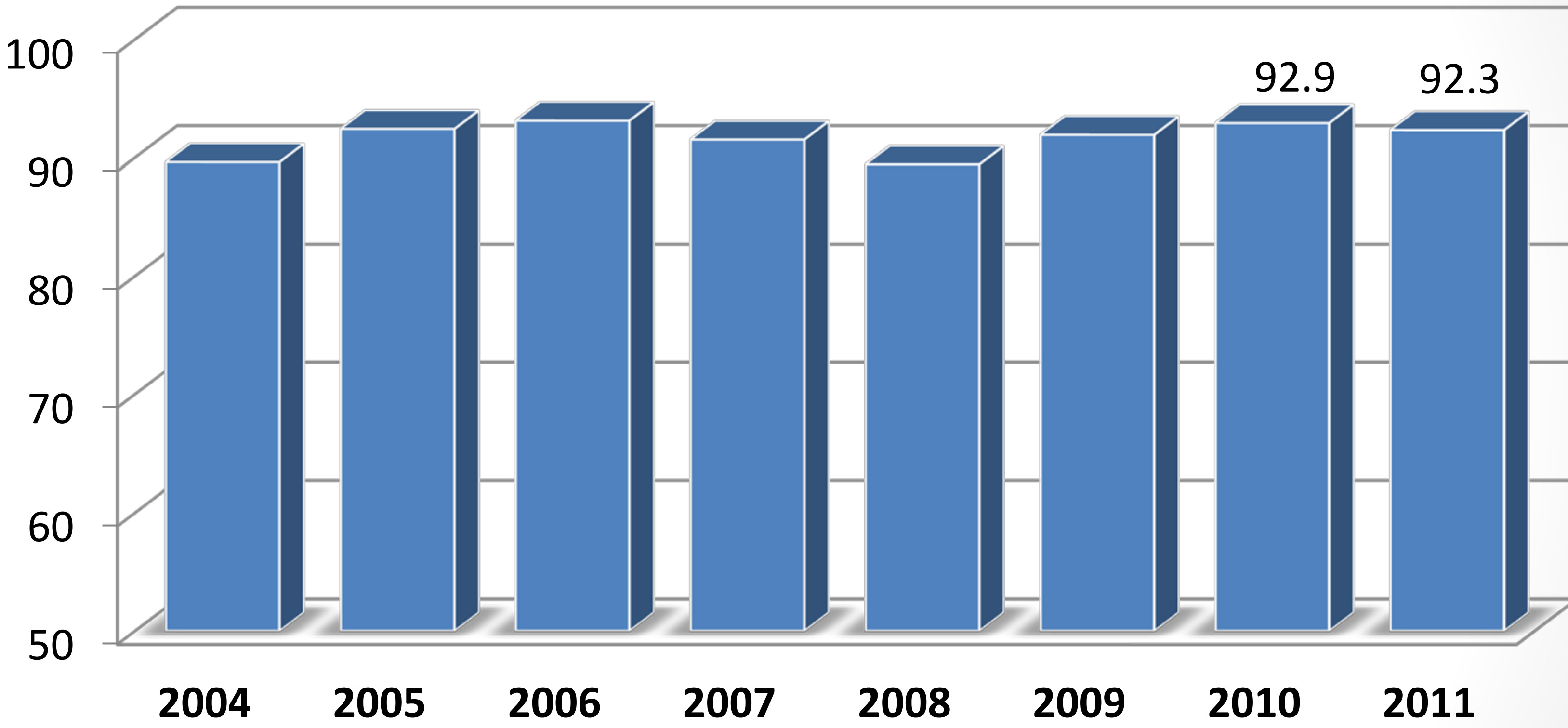
No Longer in Service as Office

Office Average Rent & Occupancy Jefferson Parish – 2004 to 2011

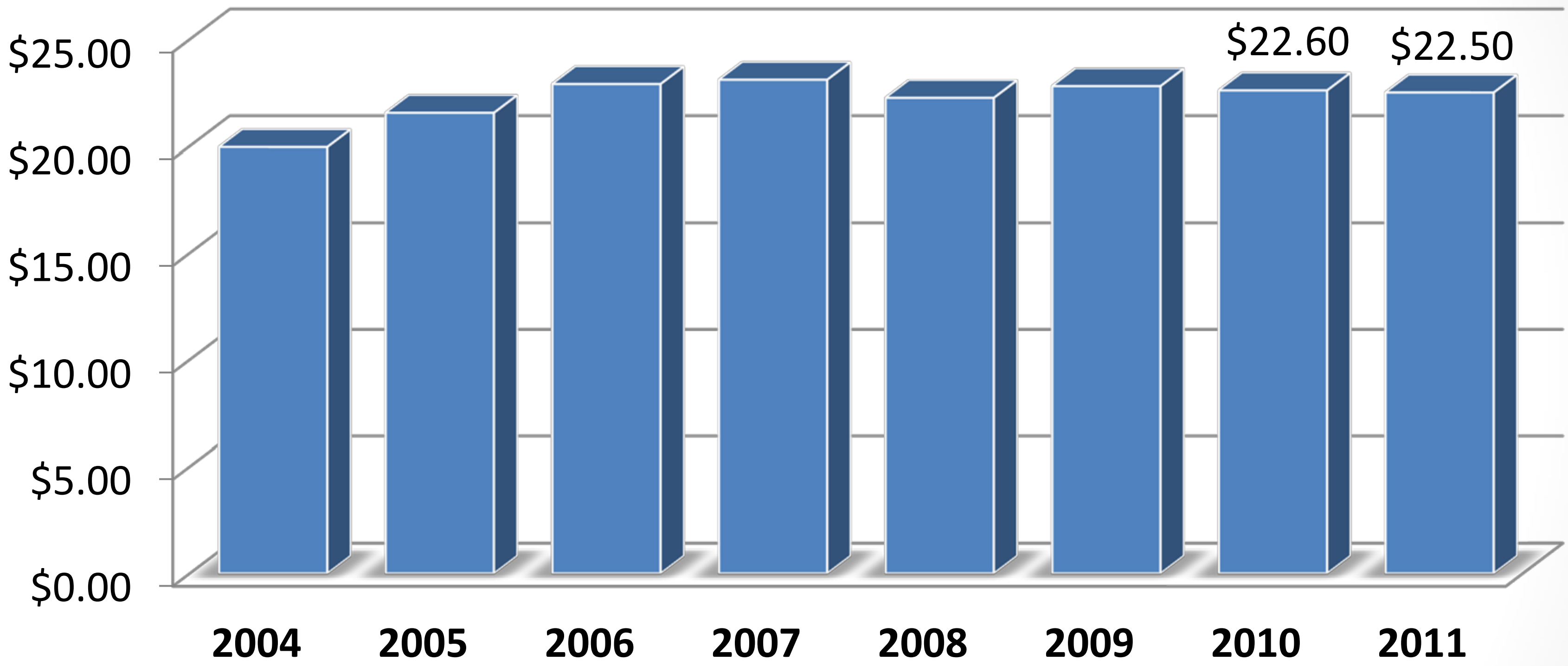


Source: UNO Real Estate Center Surveys

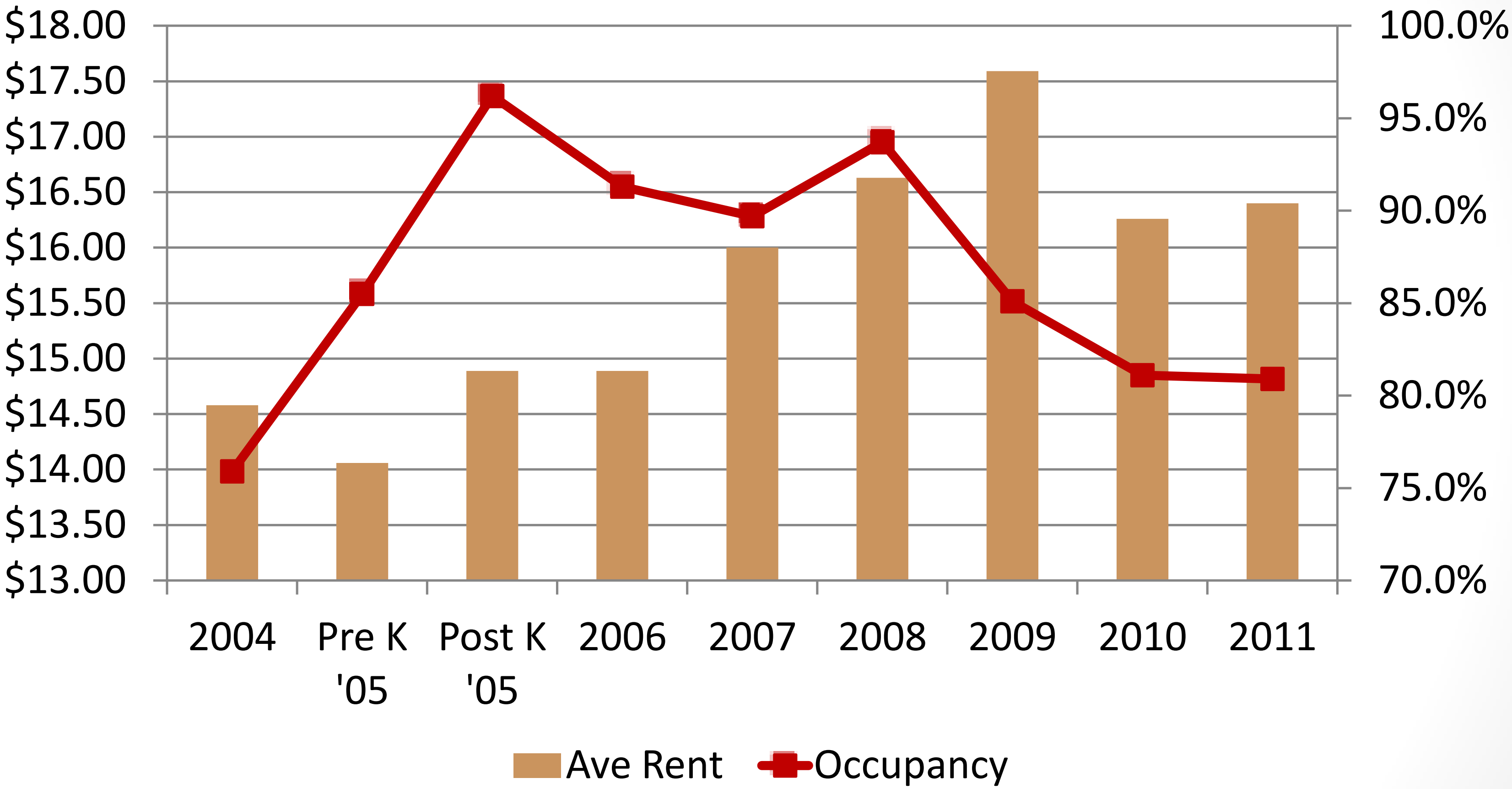
Historic Metairie Class A Occupancy



Metairie Class A Rental Rates

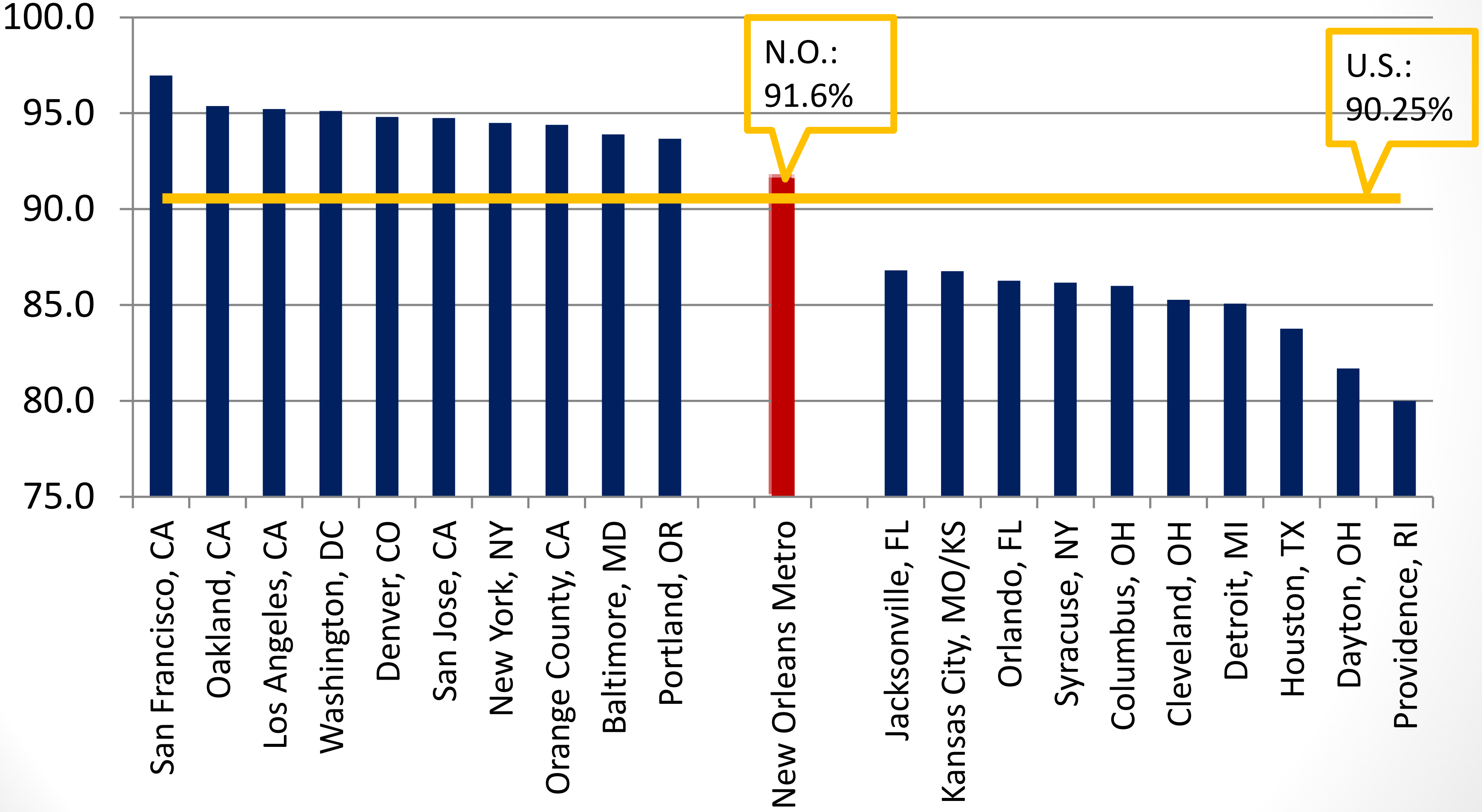


Office Average Rent & Occupancy St. Tammany Parish – 2004 to 2011



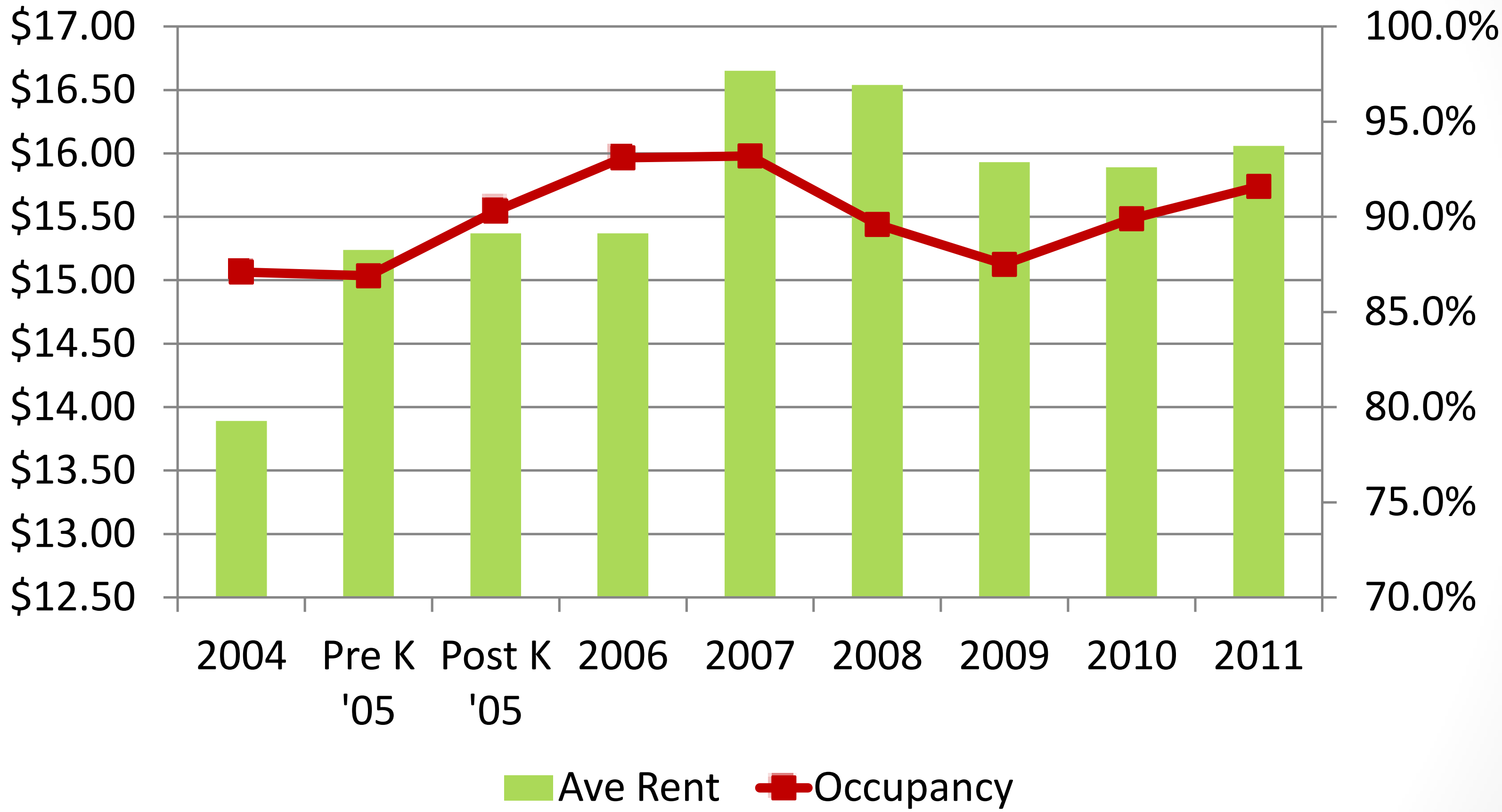
Source: UNO Real Estate Center Surveys

Retail Market – Select U.S. Cities
Ten Highest & Lowest Occupancy Rates, 2011



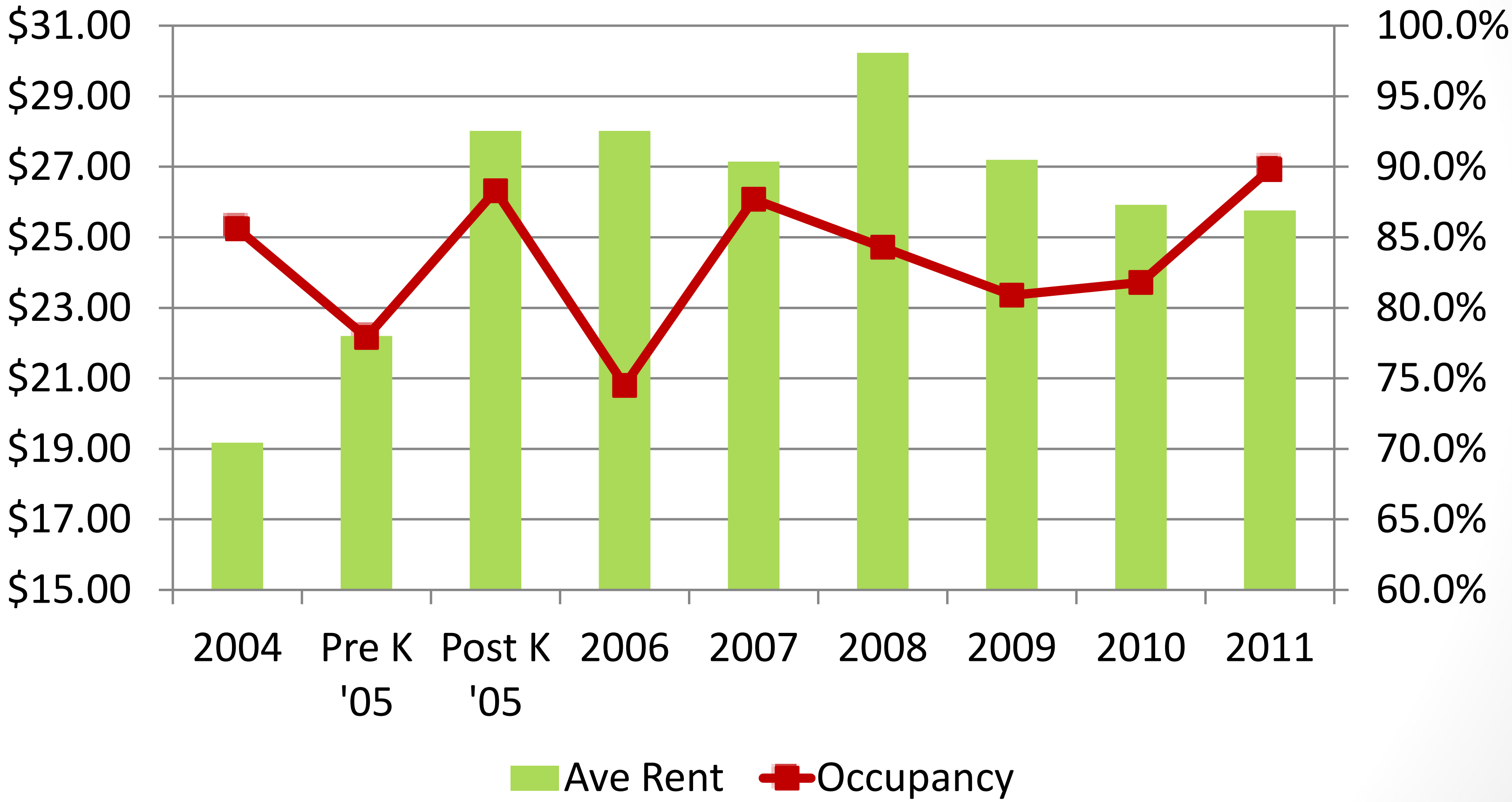
Source: Integra Realty Resources & Institute for Economic Development & Real Estate Research Surveys

Retail Average Rent & Occupancy Metro – 2004 to 2011 (Excludes Freestanding)



Source: UNO Real Estate Center Surveys

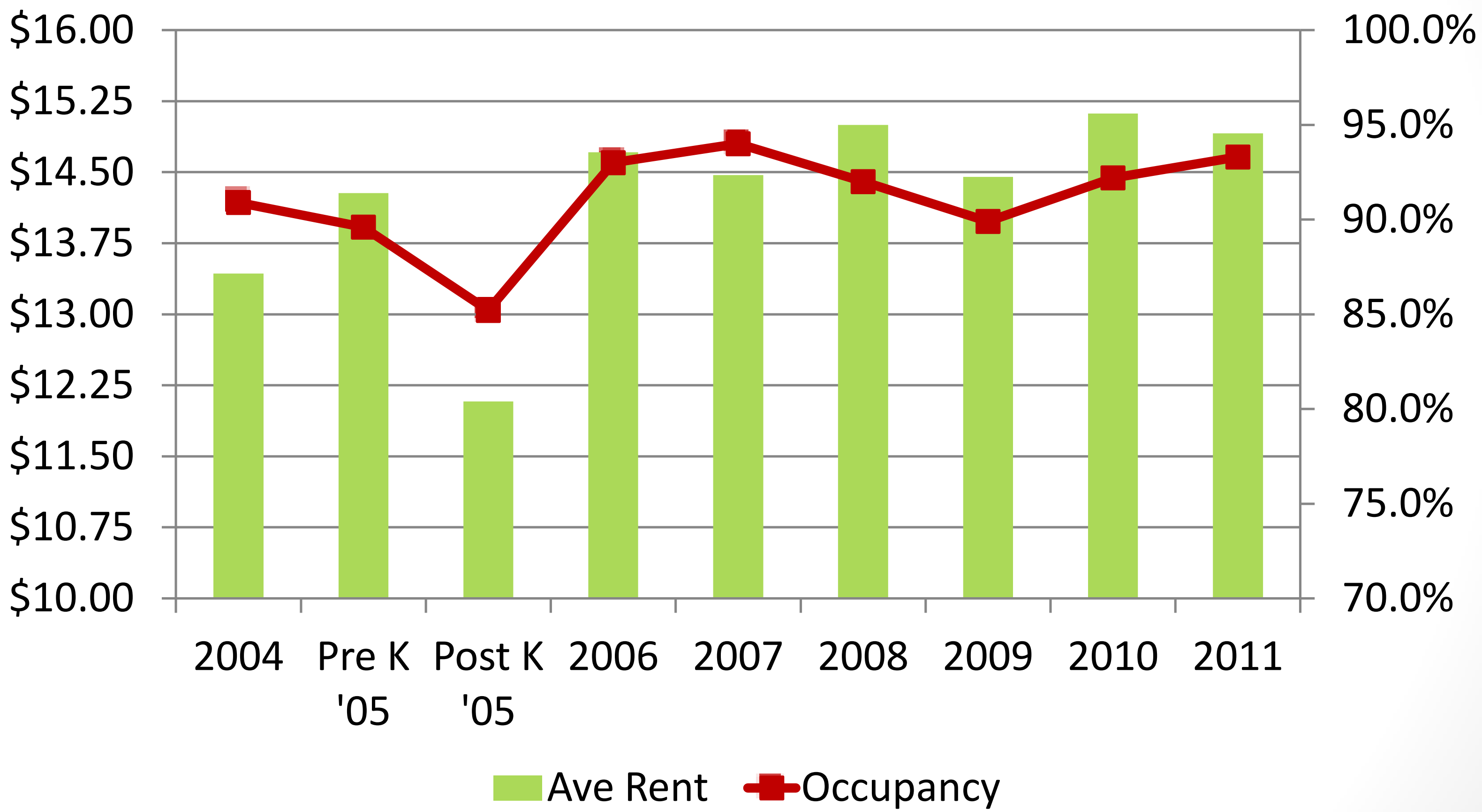
Retail Average Rent & Occupancy Orleans Parish – 2004 to 2011
(Excludes Freestanding)



Source: UNO Real Estate Center Surveys

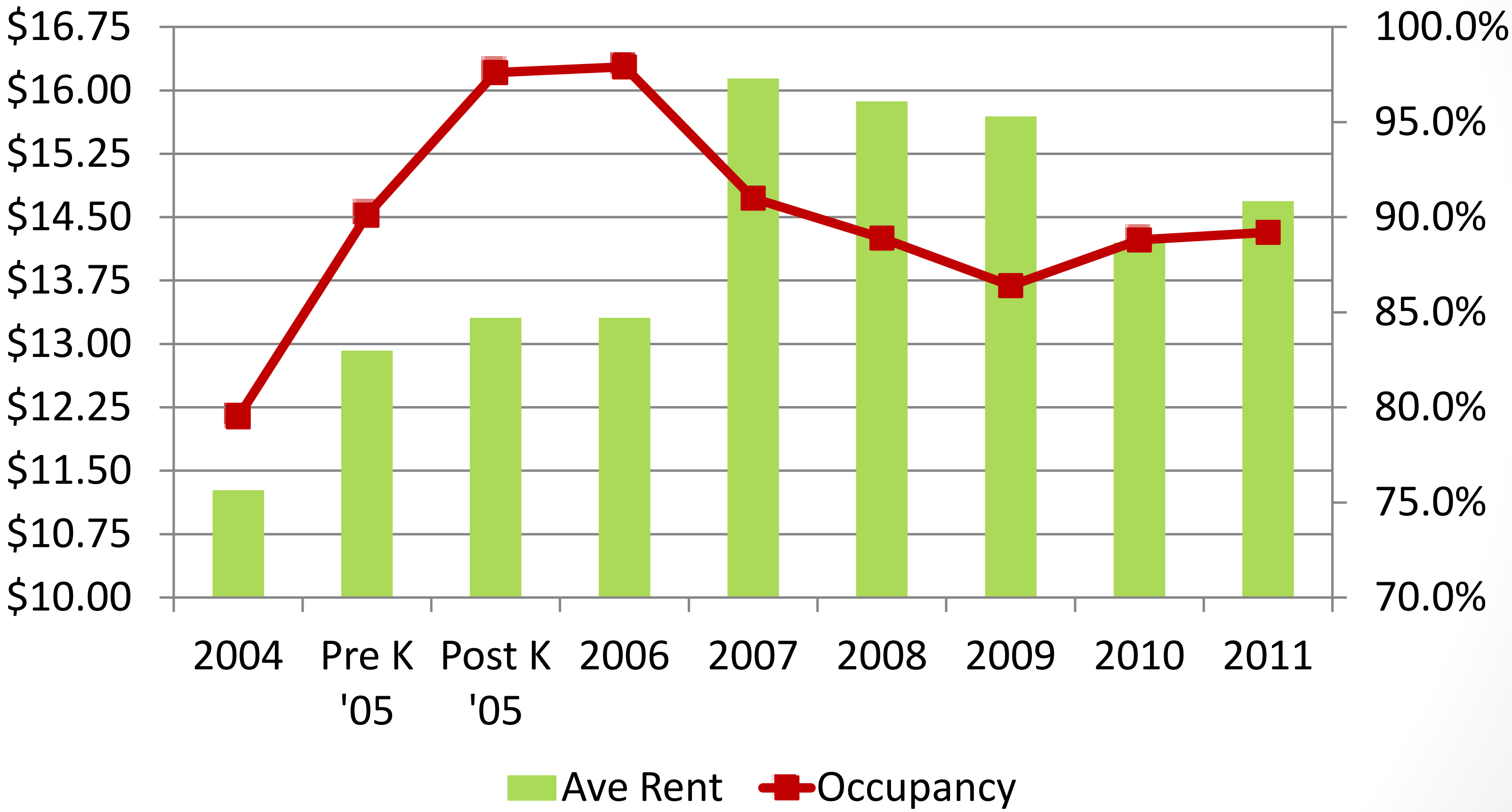
Retail Average Rent & Occupancy Jefferson Parish – 2004 to 2011

(Excludes Freestanding)



Source: UNO Real Estate Center Surveys

Retail Average Rent & Occupancy St. Tammany Parish – 2004 to 2011
(Excludes Freestanding)



Source: UNO Real Estate Center Surveys

NEW RETAIL DEVELOPMENT

MID CITY MARKET

(N. Carrollton)

PINNACLE NORD DU LAC

(I-12 & Hwy. 21 Covington)

RIVER CHASE

(I-12 & Hwy. 21 Covington)

WESTGATE PLAZA

(Veterans Blvd near Power Blvd.)

ELMWOOD CENTER

(Clearview Pkwy.)

PROPOSED DEVELOPMENTS

SUMMIT AT FREMEAUX
SLIDELL

COSTCO
CARROLLTON SHOPPING CENTER

MARKET STREET POWER PLANT

WALMART
BULLARD – NO EAST

GENTILLY WOODS ???

JAZZLAND OUTLET MALL
SIX FLAGS

FROM YOGURT YOGURT YOGURT TO
BURGERS BURGERS BURGERS

FAMOUS FOR Steak n Shake STEAKBURGERS

Jed's Frostop BURGERS

FIVE GUYS • STEAK 'N SHAKE
CHEESEBURGER EDDIES
COMPANY BURGER • COWBELL
JUICY LUCY'S • TRU BERGER • FROSTOP

FROM DRUG STORES & DOLLAR STORES TO RESTAURANTS

VETERANS & TRANSCONTINENTAL

VETERANS & SEVERN

SLIDELL

HIGHWAY 21 COVINGTON

NORTHPARK COVINGTON
DON'S SEAFOOD

CBD - MANNING'S, BOURGNE,
WALK-ONS, CHOP HOUSE, STE. MARIE

FITNESS CENTERS

PLANET FITNESS

Coming Soon to Slidell
(Big in Baton Rouge & Lafayette)
15,000 -18,000 Sq. Ft. • Class B & C Centers
Competitive Pricing - from $10/month

THE PARKS HEALTH & FITNESS

Old Franco's location
17,000 Sq. Ft. in Lakeview
on Robert E. Lee Blvd.

STORE CLOSINGS

HOME DEPOT – GENTILLY

LOWE'S – CHALMETTE

BLOCKBUSTER – VARIOUS LOCATIONS

BONEFISH GRILL - COVINGTON

HANCOCK BANK / WHITNEY BRANCHES

GROCERY STORE PIE

10+ Years Ago – All Shoppers

80% from Grocery Stores

Lower Income – Today

45% from Grocery Stores

Upscale Shopper – Today

56% from Grocery Stores

- **Less people shopping for Groceries in Grocery Stores**
- **Cross Shopping Trend / Shopping Multiple stores**
- **Still new store openings:**

  Rouses – CBD • Winn Dixie – Mid-City & Cov.
  Fresh Market – St. Charles Ave. • Trader Joe's - Looking

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