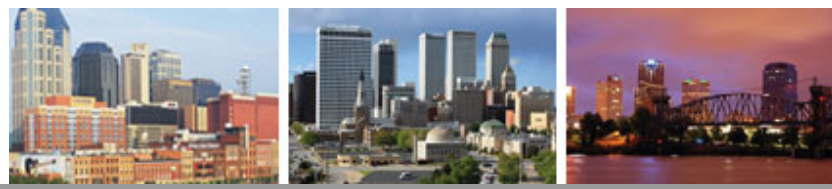
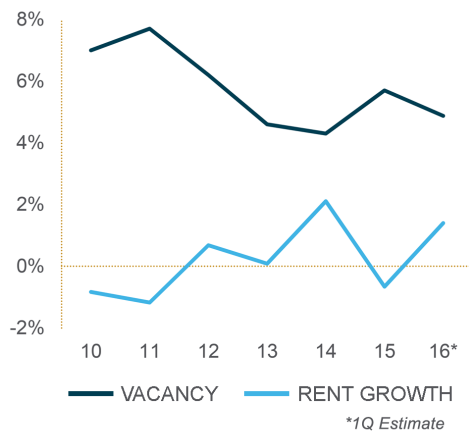


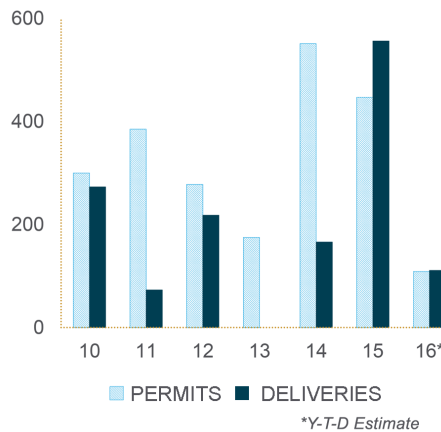
# NEW ORLEANS FIRST QUARTER 2016



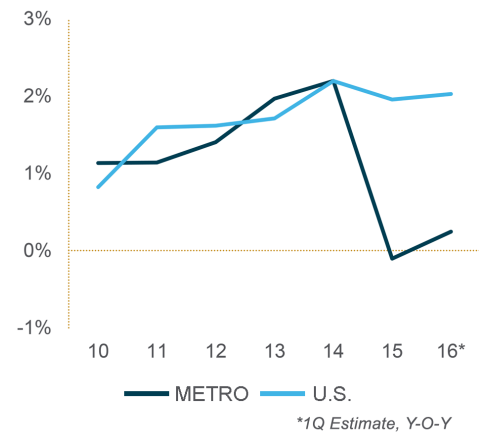
## VACANCY & RENT



## PERMITS & DELIVERIES



## EMPLOYMENT GROWTH



## VACANCY & RENT COMPARISON

SUBMARKETS	VACANCY		AVERAGE RENT INCREASE		AVERAGE RENT	
	1Q 2016	1Q 2015	1Q 2016	1Q 2015	1Q 2016	1Q 2015
Central New Orleans	6.4%	2.9%	-0.5%	6.8%	\$1,527	\$1,534
Gretna/Terrytown/Jefferson Parish	7.2%	5.0%	-0.4%	2.0%	\$774	\$777
St. Tammany Parish	5.3%	5.4%	2.6%	-2.3%	\$1,067	\$1,040
<b>TOTALS</b>	<b>4.9%</b>	<b>4.4%</b>	<b>1.4%</b>	<b>0.9%</b>	<b>\$1,213</b>	<b>\$1,196</b>

- Despite modest annual growth of 0.2% since the conclusion of the first quarter 2015, New Orleans nonfarm employment rebounded to start 2016. As a leading employer in the metro, the education and health services sector buoyed payrolls with 3,100 workers, representing a 3.3% annual expansion. This segment will also see additional gains when the \$24 million Cobalt Medical inpatient rehabilitation hospital opens later this year. The rehabilitation hospital is slated to create 180 new health care jobs. Another top sector, leisure and hospitality, elevated metro headcounts with 900 personnel recruited to grow 1.1% during the last 12 months.
- At 5.3% in March, the unemployment rate was 120 basis points less than the rate recorded one year prior. The decline moved local jobless claims 30 basis points higher than the U.S. average of 5% in March 2016.
- The median existing single-family home price reached \$174,200 in March 2016, advancing 8.3% year over year. The increase shifted the median price 4% shy of the previous peak of \$181,400 set at the close of 2005. Sale velocity soared to start 2016 with 16,330 annualized sales in March 2016, 19.5% higher than transactional volume 12 months prior. Sales were well above the five-year average of 13,490 purchases.
- Healthy absorption in the second and third quarters of 2015 was offset by negative absorption in the following six months as the leasing activity turned negative for the one-year period ending in March 2016 with 760 units vacated on a net basis. Conversely, leasing activity was positive in St. Tammany submarket with net 290 units absorbed.
- Builders finished construction on the last phase of the 296-unit Springs at Fremaux Town Center in the St. Tammany submarket in the first quarter. The 126-unit Beacon in Central New Orleans began leasing at the same time. The two apartment communities added 140 units to the metro inventory, the only deliveries in the first three months of 2016. Four projects were under construction in March, with 560 units scheduled to come online during the next 12 months.
- Developers submitted permits for 110 multifamily units during the first quarter. The submissions brought the total to six projects in various planning stages that could bring 1,260 units online across the metro. The largest development was the 310-unit Presidio Apartments in the St. Tammany submarket.
- With tepid demand amid expanding apartment inventory, vacancy increased 20 basis points in the first quarter to 5.9%. The latest upswing was part of a 150-basis-point annual increase due in part to a sharp rise in vacancy during the fourth quarter. The move put vacancy 50 basis points higher than the five-year average.
- After declining during the fourth quarter, operators advanced average asking rent 0.9% to \$1,213 per month in March 2016. Overall, asking rent increased 1.4% annually while effective rent reached \$1,205 per month. The 1.2% rise in effective rent expanded concessions to 0.7% of asking rent. St. Tammany Parish asking rent advanced a metro leading 2.6% annually to \$1,067 per month in March 2016.