

**2018 Dr. Ivan Miestchovich  
Economic Outlook & Real Estate Forecast  
for Metropolitan New Orleans**



**Hosted by:**

**Institute for Economic Development  
& Real Estate Research**

**Executive Partner: Latter & Blum, Inc.**



**THE UNIVERSITY of  
NEW ORLEANS**

**LATTER  
& BLUM  
COMPANIES®**  
Since 1916



**2018 Dr. Ivan Miestchovich  
UNO/Latter & Blum  
Economic Outlook & Real Estate Forecast Seminar  
for Metropolitan New Orleans  
Senator Ted Hickey Ballroom, University Center  
University of New Orleans  
2000 Lakeshore Drive, New Orleans, LA 70148  
Friday, April 27, 2018 | 8:30AM – 12:30PM**



### ***Agenda***

- 8:00 – 8:30AM Registration & Networking
- 8:30 – 8:45AM Welcome & Opening Remarks  
Dr. John Williams, Dean, College of Business Administration
- Seminar Moderator Dr. Robert Penick, Director, UNO Institute for Economic Development and Real Estate Research & Adjunct Professor, UNO; Executive Vice President & CFO, Latter & Blum, Inc.
- 8:45 – 9:45AM Residential Real Estate Panel
- |               |                                                 |
|---------------|-------------------------------------------------|
| Single Family | Lacey M. Conway, President, Latter & Blum, Inc. |
| Apartment     | Kevin Hilbert, MAI, Kevin Hilbert & Associates  |
- 9:45 – 10:00AM Break
- 10:00AM – 11:15AM Louisiana & New Orleans Metro Area Economy: Overview and Forecast  
Dr. Loren C. Scott, President, Loren C. Scott & Associates, Inc.
- 11:15AM – 12:30PM Commercial Real Estate Panel
- |                   |                                                                       |
|-------------------|-----------------------------------------------------------------------|
| Industrial Market | Daniel Marse, Commercial Sales & Leasing Associate, NAI/Latter & Blum |
| Office Market     | Quentin Dastugue, CEO, Property One, Inc.                             |
| Retail Market     | Beezie Landry, Senior Investment Sales Advisor, Stirling Properties   |

# Table of Contents

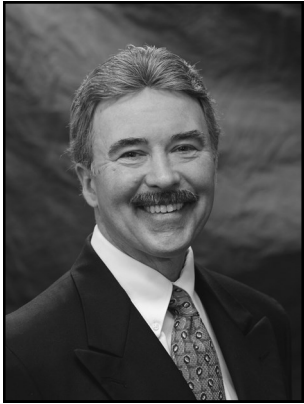
<b>Agenda</b>	1
<b>Table of Contents</b>	2
<b>Speaker Biographies</b>	3
<b>Residential Real Estate</b>	
<i>Single Family Residential, Lacey M. Conway</i>	6
<i>Multi-Family Market, Kevin Hilbert</i>	7
<b>Louisiana and New Orleans Metro Area Economy</b>	
<i>Dr. Loren Scott</i>	10
<b>Commercial Real Estate Panel</b>	
<i>Industrial Market, Daniel Marse</i>	23
<i>Office Market, Quentin Dastugue</i>	27
<i>Retail Market, Beezie Landry</i>	30
<b>Institute for Economic Development &amp; Real Estate Research Partners</b>	<b>Back Cover</b>

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

## 2018 Economic Outlook & Real Estate Forecast Seminar

### Metro New Orleans

## SPEAKER BIOGRAPHIES



***Dr. John Williams, Dean, College of Business Administration***

John A. Williams, Ph.D. is Dean of the College of Business Administration and Veta Professor of Strategy at the University of New Orleans. He holds a Ph.D., Master of Science, and Bachelor of Science from the Pennsylvania State University. Prior to joining the University of New Orleans, Dr. Williams held administration positions at Penn State University, Virginia Tech, and Kansas State University. His oversight of the AACSB accredited College of Business Administration includes undergraduate, graduate and Executive programs. Dr. Williams also oversees the AT&T Center, the Institute for Economic Development & Real Estate Research, the Hospitality Research Center, and the Division of Business & Economic Research. He serves as Director of the Hospitality Research Center (HRC) and the Division of Business & Economic Research (DBER). Dr. Williams has published numerous articles on hospitality and tourism and has achieved over \$3 million grants and contracts focusing on the tourism industry in New Orleans and the state of Louisiana. He began his position at the University of New Orleans one month prior to Hurricane Katrina and has conducted many studies and collected a volume of longitudinal data on tourism resiliency and the transformational change of tourism in New Orleans. He is an active member on many boards in the greater New Orleans area and is the President of the South Western Business Dean's Association.



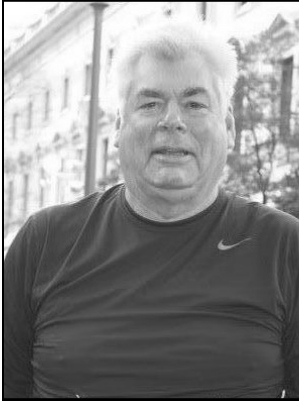
***Dr. Robert Penick, Interim Director, Institute for Economic Development & Real Estate Research and Adjunct Professor, UNO; Senior Vice President & CFO, Latter & Blum, Inc.***

Dr. Robert Penick has been appointed the Director of the Institute for Economic Development and Real Estate Research. He also serves as an Adjunct Professor of Finance, teaching undergraduate and graduate courses in real estate principles and real estate finance. He currently serves as Senior Vice President and Chief Financial Officer for the Latter & Blum Companies in New Orleans. Dr. Penick holds a B.S. in Finance and an M.B.A. in business administration and management from Loyola University of New Orleans. He also holds a M.Ed. in supervision and administration from Our Lady of Holy Cross College of New Orleans. His UNO education includes a M.S. in Urban Studies and a Ph.D. in Urban Studies with a concentration in real estate and real estate ethics. Dr. Penick also holds an Insurance license in the State of Louisiana. Dr. Penick authored his dissertation on *Real Estate Ethics in the State of Louisiana*. His writings were referenced in the Real Estate Journal in 2006. He also wrote a Thesis entitled *A Qualitative Study of Real Estate Ethics* while a student at the University of New Orleans. He is currently on the faculty of the NAR Realtor University which offers master's degrees in real estate to Realtors across the country. He is active in many civic, business, and professional organizations, including UNO International Alumni Association and the board of the UNO Foundation. He is a veteran of the U.S. Army and the U.S. Army Reserves having served more than 30 years and retiring as a Lt. Colonel, Engineer Branch.



***Lacey Conway, President, Latter & Blum, Inc.***

Lacey Conway is a native of New Orleans, La. She is a graduate of Isidore Newman high school and received a B.S. from Boston University. Like most locals she returned to the place she calls home and earned an M.B.A. from the University of New Orleans with a concentration in Finance. Licensed as a real estate sales person since 2005 she jumped into the residential Real Estate world as an agent with Latter and Blum. Lacey is currently licensed as a broker in Louisiana, Mississippi and Texas and is the principal broker and president for the Latter and Blum companies.



**Kevin D. Hilbert, MAI, Kevin D. Hilbert & Associates**

**EDUCATION:** 1973 - Graduate, Jesuit High School, New Orleans, LA; 1978 - Graduate, University of New Orleans, BA, History; 1992 - MAI, Member of Appraisal Institute; 2008 - HUD Map Training, Certificate of Completion

**REAL ESTATE EXPERIENCE:**

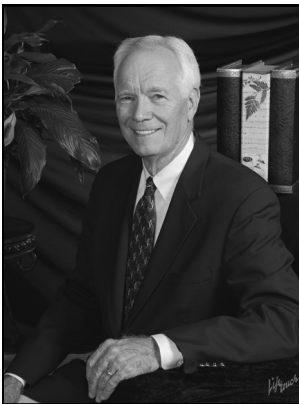
1982-1985	Irvington Eppling and Associates
1985-10/86	Robert W. Merrick, Inc.
10/86-10/00	Robert W. Merrick Appraisal Division of Latter & Blum, Inc./Realtors
10/00-Present	Kevin D. Hilbert & Associates, LLC

Appraisal of all types of commercial and industrial properties with particular emphasis on apartments, shopping centers, office buildings and other income producing properties.

**MEMBERSHIPS:** Appraisal Institute (MAI #9571); New Orleans Realtors Association; Louisiana Realtors Association; National Association of Realtors

**SIGNIFICANT ASSIGNMENTS:**

- One of several MAIs involved in appraising 23 commercial properties expropriated by the State of Louisiana for the assemblage of the LSU and VA Hospital Campus.
- Guest lecturer for a three hour seminar covering Investment Real Estate, MBA Honors Program, Loyola University School of Business
- Expert testimony in depositions and court cases



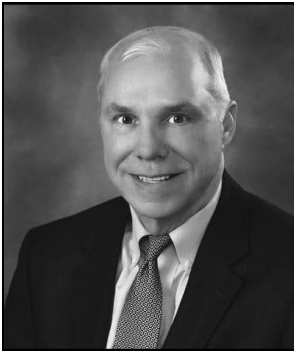
**Dr. Loren C. Scott, President, Loren C. Scott & Associates, Inc.**

Dr. Scott is the President of Loren C. Scott & Associates, Inc., a 34-year old economic consulting firm whose clients include such large national firms as BP, Capital One Financial, Entergy, ExxonMobil, J.P. Morgan Chase, Nucor, Sasol, Chesapeake Energy, and a diversity of others. He is one of the 32-member National Business Economic Issues Council, which meets quarterly to discuss issues of state, national, and international interest. This group has experts who cover international trade, Washington economic policy, retail trade, trucking, steel, chemicals, etc. Dr. Scott is an energy specialist on the NBEIC. He has been appointed to the Economic Advisory Board of the U.S. Council on Competitiveness---a group made up of the CEOs of the Fortune 100, top university presidents and presidents of three major unions. He has been interviewed on CNBC, MSNBC, and Bloomberg TV, in addition to several local TV stations, and his work has been cited in such publications as the Wall Street Journal, the Los Angeles Times, the New York Times, USA Today, and the Financial Times, to name a few. His career started at Louisiana State University in 1969 where he spent the next 33 years, rising through the ranks from assistant professor to the prestigious Freeport McMoran Endowed Chair of Economics and the Director of the Division of Economic Development and Forecasting. Over the thirteen-year period from 1983-96, he was the chairman of the Economics Department at LSU. During that time, the Department's ranking among the 3,000 economics departments in the U.S. rose from 101<sup>st</sup> to 38<sup>th</sup>. He is presently Professor Emeritus at LSU. He received 7 awards at LSU for outstanding classroom teaching. He gives 50-70 speeches a year on the state of the economy.



***Daniel Marse, Commercial Sales & Leasing, NAI/Latter & Blum***

Daniel is a New Orleans Native and proud alumni of UNO with a strong academic foundation in Finance and Economics. Daniel first joined NAI/Latter & Blum in 2014 and quickly found himself mentored by senior agents. This hands on experience with pivotal players in the New Orleans Metropolitan Area allowed Daniel to transfer his academic knowledge to real world application. Daniel has since devoted his time and energy to specializing in industrial sales, leasing and site selection. He is also a contributing partner in the creation of the AI Davis Industrial list which tracks the quarterly absorption of industrial properties with its origin dating back to 1987. Daniel has experience in developing web applications for marketing, marketing analytics, ESRI Business Analyst, Arc GIS and Argus Valuation software. He is a member of the Commercial Investment Division (CID) and UNO Alumni Association.



***Quentin Dastugue, CEO, Property One, Inc.***

Quentin Dastugue, one of the founding partners of Property One, Inc., is Chief Executive Officer. His thirty-nine years in commercial real estate have included leasing, investment sales, development, property management, construction project management and consulting.

During this same period, he served four consecutive terms as a Louisiana State Representative and, as Chairman of the House Committee on Transportation, Highways and Public Works, was responsible for the passage of the state Transportation Trust Fund. He was given one of eleven prestigious “Legislator of the Year” national awards in 1994. In 1995, he was the Republican Nominee Candidate for Governor.

Quentin attended the Georgia Institute of Technology and earned a degree in Civil Engineering. Upon graduation in 1977, he returned to his native New Orleans and assumed a position as Commercial Leasing Manager for Medallion Management, Inc. with responsibilities for office buildings and shopping centers. In 1985, he and two partners founded Property One, which is one of the largest commercial firms in Louisiana.

He has represented such clients as Houston’s restaurant, Ruth’s Chris Steakhouse, McGlinchey Stafford law firm, LLOG Exploration, CETCO Oilfield Services, LaPorte CPAs and Business Advisors, Expro, Goodyear, Chicago Bridge & Iron Company (CB&I), and Eskew+Dumez+Ripple architects. Quentin has served on numerous civic organizations and real estate industry committees. Quentin serves on, or has served on, the Board of Directors of The Audubon Institute, the Board of Directors of the Idea Village and as Co-chairman of the “Top 10 by 2010” initiative and Co-chairman of the Chamber’s Intermodal Transportation Committee.



***Beezie Landry, Senior Investment Sales Advisor, Stirling Properties***

Beezie Landry is a Senior Investment Sales Advisor with Stirling Properties. In this role, Mr. Landry focuses on the acquisition and disposition of investment properties including shopping centers and single-tenant retail properties. He represents a range of client types including private and institutional investors and has completed transactions with REITs such as Weingarten Realty Investors, General Growth, American Realty Capital and Realty Income.

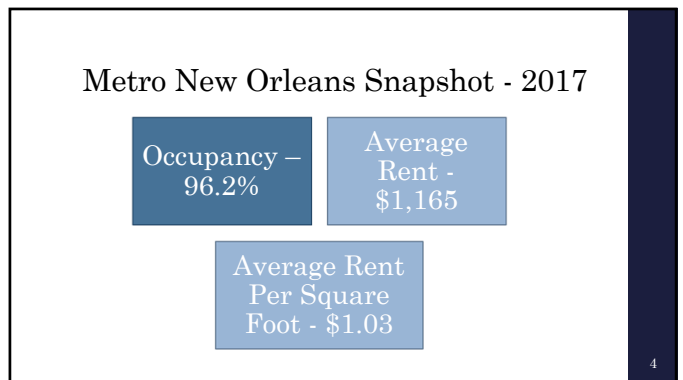
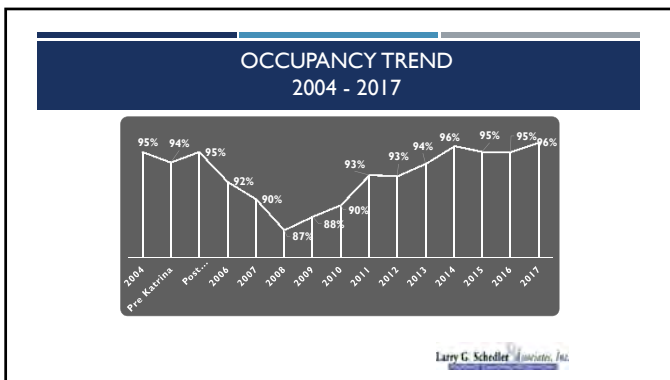
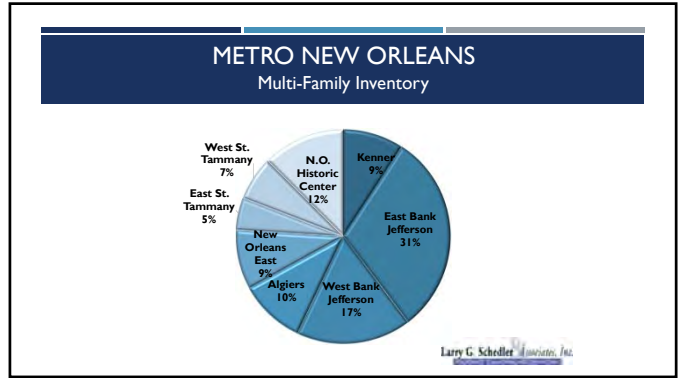
Mr. Landry began his career at Stirling Properties over 16 years ago, working closely with the Stirling Properties Development Committee to coordinate the financing, refinancing, development, redevelopment, and acquisition of retail and office properties. In addition, he has extensive experience in landlord representation in leasing new developments and existing shopping centers.

Beezie is currently a member of the International Council of Shopping Centers (ICSC), the Retail Broker’s Network (RBN), the New Orleans Metropolitan Association of Realtors – Commercial Investment Division, and is a candidate for the designation of Certified Commercial Investment Member (CCIM).

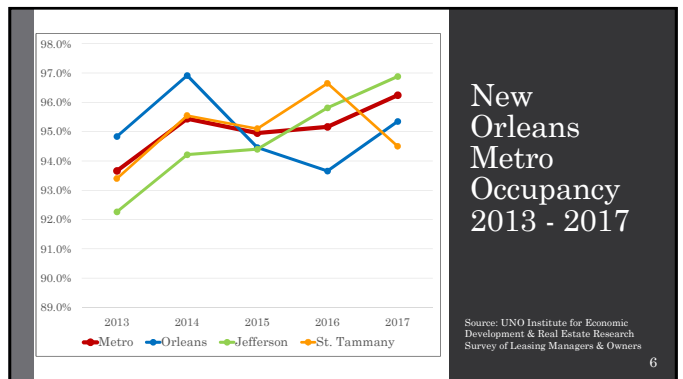
Mr. Landry is a graduate of Southeastern Louisiana University in Hammond, Louisiana, with a Bachelor of Science in Accounting.

**Lacey Merrick Conway, CCIM**  
**President/Principal Brokers, Latter & Blum, Inc.**

Lacey's presentation will be made available on the UNO Institute for Economic Development and Real Research website ([www.realestate.uno.edu](http://www.realestate.uno.edu)) the week following the seminar.



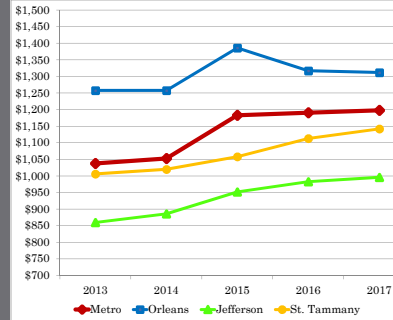
- ### 2017 Highlights
- Majority of sub-markets still have occupancy rates between 93% and 96%
  - Warehouse District/CBD
    - Occupancy 92%, up 4% from last year as new inventory is absorbed
    - Average Rent \$2,045 per month is the highest in the Metro area
    - One of the most active areas for new construction
    - Developers are able to take advantage of Historic Tax Credits, TIFS and PILOTS
    - Approximately 1,800 units under construction or in pre-development stage
  - St. Tammany
    - Majority of new garden multi-family developments built here
    - Availability of land and income levels make new apartment construction economically feasible.
- 5





Sub-Market Occupancy	2017
Kenner	96.4%
West Metairie	95.5%
River Ridge	96.3%
East Metairie	96.7%
Mid-City/Lakefront	96.4%
Warehouse District/CBD	92.0%
Uptown/Garden District	95.2%
Gentilly/Lake Forest	97.2%
East New Orleans	95.0%
St. Bernard Parish	100.0%
Algiers	97.3%
Harvey Canal East	97.4%
Harvey Canal West	99.0%
West St. Tammany	92.6%
East St. Tammany	96.4%

7



## New Orleans Metro Average Rents 2013 - 2017

Source: UNO Institute for Economic Development & Real Estate Research Survey of Leasing Managers & Owners

8

## Developments Recently Completed or Under Construction/Development

Property	Location	No. of Units
Reagan Crossing	Covington	288
The Green at Northpark	Covington	218
Artesia	Covington	264
Springs at Riverchase	Covington	296
Canal 1535	CBD	330
Odeon	CBD	259
The Jung Residences	CBD	113
The Pythian	CBD	69
Parkway	Orleans	207
Via Latrobe	Bywaters	260
Lafitte Greenway Site	Mid-City	382

Source: Larry G. Schedler & Associates, Inc.

9



## Canal 1535

- \$60 million mixed use development
- 9 story luxury apartment building with 330 units
- Parking garage and ground retail
- Rents as high as \$3,000 per month
- Developer: Providence Realty Advisors, Inc.

10



## Parkway Apartments

- \$40 million mixed use development near Xavier University
- 207 units: 1 and 2 bedroom market rate units
- Ground floor retail
- Opening Spring 2019
- Developer: Citadel Builders

11



## Lafitte Greenway

- Estimated \$65 million development
- 382 units: 1 and 2 bedrooms from 750 to 1,200 square feet
- 2 ground floor restaurants
- Parking garages with a total of 570 spaces
- Developer: Edwards Communities

12

**MARKET OVERVIEW - SALES**

The sales market for apartment complexes in metropolitan New Orleans is reviewed as follows.

- 1) It should be noted that three ownership entities, First Lake Properties, Tomi Management and Apartment Homes by Tomi, control approximately 13,200 of the 16,681, 79.1%, professionally managed apartment units in East Jefferson Parish. All three practice long term hold strategies and have rarely placed a property on the market For Sale over the last 30 years.
- 2) For reference, Real Estate Research Corporation (RERC) defines first tier investment properties as new or newer quality construction in prime to good locations. Second tier investment properties are defined as aging, former first tier properties, in good to average locations. Third tier investment properties are defined as older properties with functional inadequacies and/or marginal locations.
- 3) There were 16 large unit apartment complexes sales in metropolitan New Orleans during 2017. They are summarized in the chart below.

Kevin D. Hilbert, MAI  
Kevin D. Hilbert & Associates, LLC  
Appraisers and Consultants

METROPOLITAN NEW ORLEANS 2017 APARTMENT COMPLEX SALES							Unit Prices	
Location	Sale Date	Sale Price	Qty. of / Avg. Unit Size / # of Units	Appt. Condition / Quality	Remarks	Price / Unit	QAR	Photo
<b>ST. TAMMANY PARISH</b>								
Hammond 1700 and 1800th Blvd Metairie, LA	11/15/17	\$20,900,000	152,290 / 800 / 7,648	17 pr-1 / Avg-10/10-12 / Good-10/10	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$134,800	6.98%	
Vista Du Lac 4200 West Lake Blvd Metairie, LA	8/13/17	\$24,000,000	189,000 / 877 / 214	11 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$113,811	6.97%	
<b>ORLEANS PARISH</b>								
Las Casas 10000 Poydras Blvd New Orleans, LA	8/13/17	\$17,280,000	288,300 / 754 / 378	16 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$157,500	7.81%	
Las Casas 10000 Poydras Blvd New Orleans, LA	8/13/17	\$18,000,000	277,900 / 754 / 378	16 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$165,600	8.96%	
Las Casas 10000 Poydras Blvd New Orleans, LA	8/13/17	\$6,750,000	101,700 / 808 / 724	17 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$101,200	8.97%	

Kevin D. Hilbert, MAI  
Kevin D. Hilbert & Associates, LLC  
Appraisers and Consultants

Magnum Country 4000 Riverchase Road New Orleans, LA	11/20/17	\$4,500,000	360,000 / 887 / 1117	47 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$12,500	6.20%	
Midland Court 12100 E 10th Avenue Rd New Orleans, LA	11/21/17	\$11,000,000	274,000 / 829 / 1040	18 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$15,800	6.11%	
Antebellum Court 4111 South Grand New Orleans, LA	11/21/17	\$12,000,000	249,100 / 973 / 1088	18 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$16,400	6.11%	
Chateau d'Acme 12100 E 10th Avenue Rd New Orleans, LA	11/21/17	\$25,000,000	158,000 / 790 / 1088	12 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$157,800	7.36%	
Brickfield Lane 7000 Lakeside Drive Metairie, LA	11/21/17	\$42,700,000	360,000 / 1,000 / 1,000	44 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$118,611	7.06%	
Chateau d'Acme 12100 E 10th Avenue Rd New Orleans, LA	11/21/17	\$7,000,000	175,100 / 811 / 1088	18 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$15,407	6.97%	

Kevin D. Hilbert, MAI  
Kevin D. Hilbert & Associates, LLC  
Appraisers and Consultants

JEFFERSON PARISH								
Magnum Ridge 2700 (Metairie) Avenue Dr Metairie, LA	10/25/17	\$10,000,000	164,500 / 722 / 1,028	44 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$79,800	7.27%	
Windsong 1105 Lakeside Avenue Metairie, LA	3/7/18	\$3,000,000	11,000 / 800 / 12	1 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$18,617	7.29%	
1 Superior 2200 Maple Avenue Metairie, LA	1/17/18	\$16,100,000	222,800 / 881 / 124	44 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$156,600	7.29%	
1 Central 1400 Superior Avenue Metairie, LA	2/7/18	\$10,818,000	138,700 / 857 / 142	44 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$166,778	7.29%	
1 Verdine 1400 Superior Avenue Metairie, LA	2/15/18	\$0,000,000	80,000 / 800 / 10	47 pr-1 / Avg-10/10-12 / Good	Reconstructed (includes 1,000 units), 100% complete. Excellent location. New brick, granite granite, stainless steel. The QAR reflects the reasonably pricing of a new 1,000 unit project in St. Tammy.	\$0,000	7.29%	

Kevin D. Hilbert, MAI  
Kevin D. Hilbert & Associates, LLC  
Appraisers and Consultants

**Looking Forward**

(provided by Larry Schedler)

- Over the next 12 months...
  - Minor rent increases
  - Modest softness in occupancy as the metro absorbs new inventory
  - Developments:
    - Concentrated on market rate rental units and condos
    - Modest increases in affordable units due to limited availability of subsidies



# Economic Outlook & Real Estate Forecast Seminar

UNO/ Latter & Blum

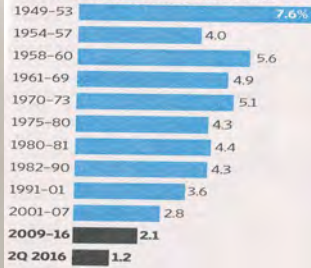
Dr. Loren C. Scott  
Loren C. Scott & Associates, Inc.  
www.lorencscottassociates.com

## The National Economy

### Wall Street Journal: 7/30/16

#### Underwhelming Growth

Average GDP growth during each expansion, at an annualized rate



Note: Figures are adjusted for inflation and seasonality  
Source: Commerce Department

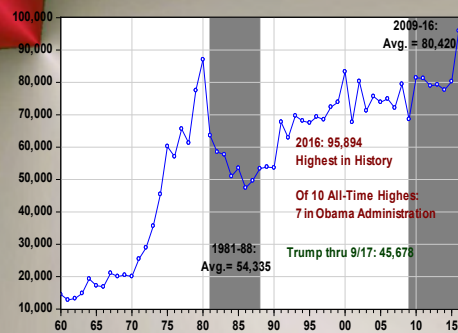
### RGDP Forecasts(4/18)

Quarter	Wells F.	Consensus
17-I	1.2%	1.2%
17-II	3.1%	3.1%
17-III	3.3 %	3.3%
17-IV	2.5%	2.5%
18-I	1.3%	2.0%
18-II	2.9%	3.2%
18-III	2.9%	3.1%
18-IV	3.1%	2.9%
19-I	2.6%	2.5%
19-II	3.1%	2.4%
19-III	2.9%	2.3%
19-IV	2.9%	2.1%

## Two Key Policy Changes

= More Economic Growth

Fig. 1: Pages in the Federal Registry - 1960-2016



Source: www.flsdc.org/assets/sourcebook/fed-reg-pages.pdf

## Trump Deregulation

- 10 days after taking office:
  - Departments to scour the books for rules they could rescind or repeal w/o damaging the law
  - Each new regulation issued, two have to be eliminated

## Trump Deregulation

- Naomi Rao – Office of Administration & Regulatory Affairs
- Since Fall 2016:
  - 1,500 planned regulatory actions have been withdrawn or delayed
- 67 deregulatory actions
- Only 3 significant regulatory actions

## Policy Change #2: Lower Tax Rates

- Increase in tax-home pay = **more consumer spending**
- Boost in business investment spending
  - Immediate expensing of capital costs until 2023---  
**invest now**

## Policy Change #2: Lower Tax Rates

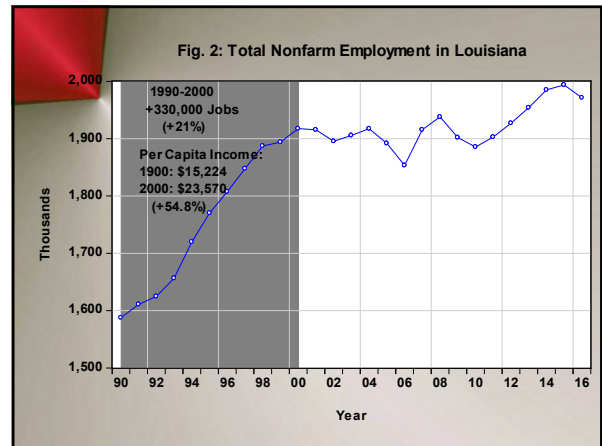
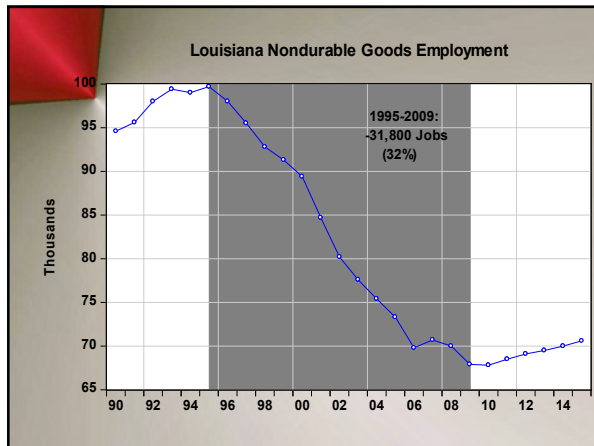
- **Watch movements from Europe to US:**
  - Germany & France now have significantly higher corporate tax rates, more onerous labor laws & an ageing population
  - **There are a lot of chemical firms in these two countries who may be looking for a new home**

**It is not all good news:**

**The Anti-Free Trade Movement**

**The Law of Comparative Advantage**

**There are winners and losers  
But on the net---gain**

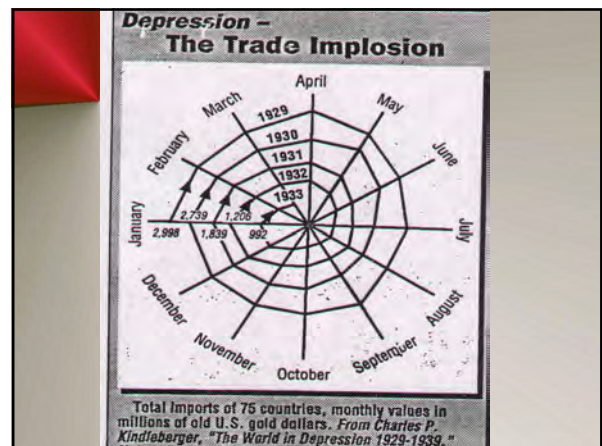
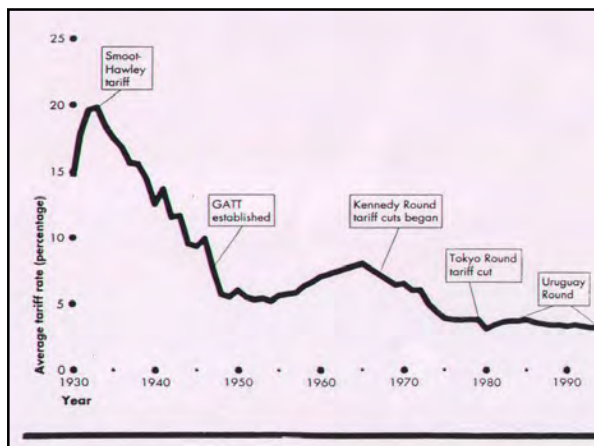


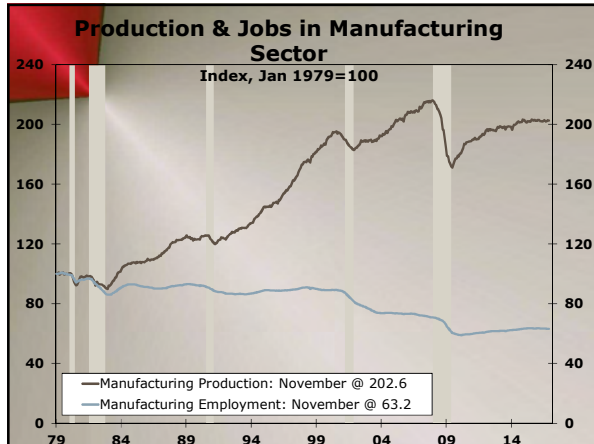
### Import/Export Ratio

- Canada: 1.04
- Mexico: 1.28
- China: 4.00

Add tariffs: Guess what always happens?

**Retaliation!**





### ExxonMobil: 1979 v 2016

- Refinery: 3,500 employees
  - 1,300 ExxonMobil
  - 2,200 Contractors
- Chemical Plant: 2,500 employees
  - 1,000 ExxonMobil
  - 1,400 Contractors

### Impacting the New Orleans Region

Oil Prices  
VIP to GOM

### IEA Demand Forecasts

- 2012 90.7 mmb/d
- 2013 91.9 mmb/d
- 2014 92.9 mmb/d
- 2015 95.0 mmb/d
- 2016 96.3 mmb/d
- 2017 97.8 mmb/d
- 2018 99.1 mmb/d

### The November/December 2016 Agreements

- OPEC reduced production to 32 mb/d from 33.7 mmb/d; -1.72 mmb/d (2%)
- 11 non-OPEC countries agree to reduce by 558,000 b/d 1<sup>st</sup> 6 months of 2017
  - Russia: -300,000b/d
- Oil Prices: Watch Saudi total revenues
  - 10/16: \$44.73
  - 5/25/17: \$51.36 (+14.8%)
  - 4/24/18: \$68.64 (+53.5%)

### The November/December 2016 Agreements

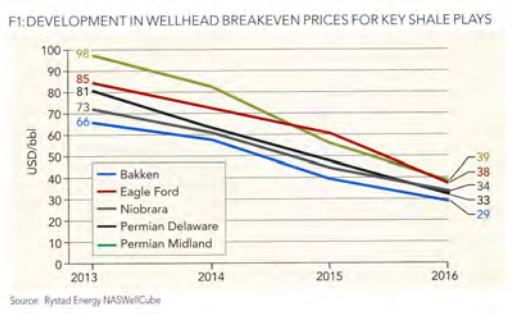
- Result:
- 9-Month extension approved 5/25/17
- Extension approved 11/17 through 2018
- Saudis and Russia now in talks about continuing cuts
  - Their concern: market share
  - US exports gone from zero in 2014 to 2mmb/d now

Why hasn't the price risen even more?

**U.S. Output: 10/17**  
**9.64 mmb/d**

**Highest since May 1971**  
**Expected to increase to 10.6**  
**mmb/d in 2018**  
**11.2 mmb/d in 2019**

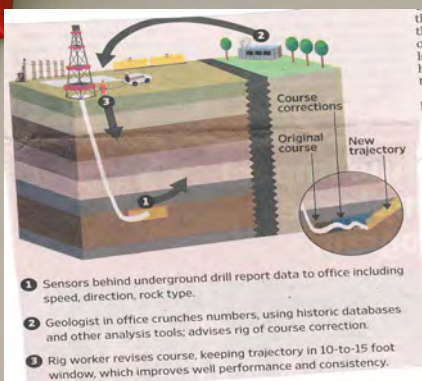
**Greater Shale Production at These Prices? How?**



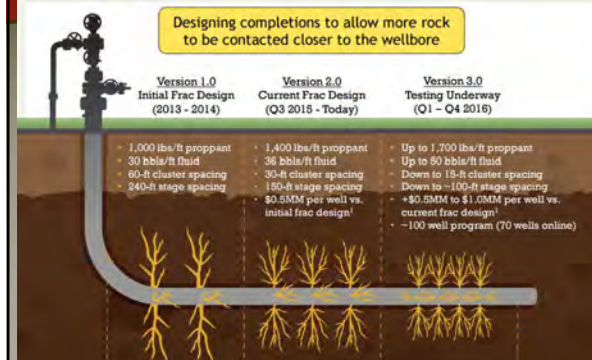
**How were shale BEs driven down so much?**

- Two general ways:
  - Greater efficiencies
  - Price pressure on suppliers

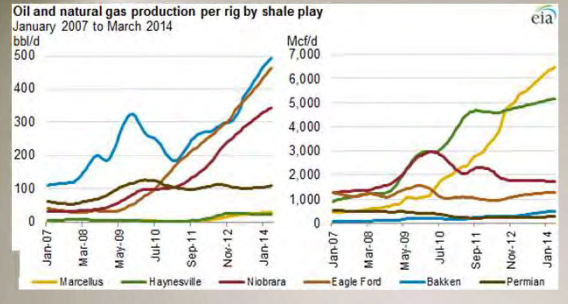
**iSteer**



**COMPLETION OPTIMIZATION PROGRAM**



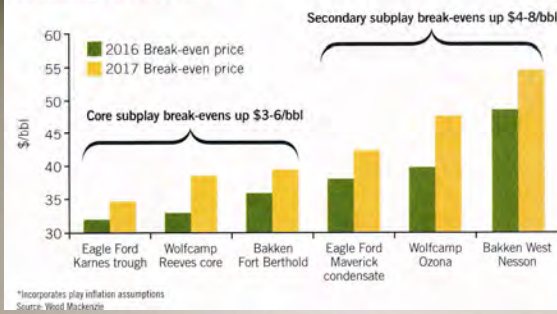
## Daily Output Per Well (Bakken @ 1,001 & Eagle @ 1,442 & Niobrara @ 1,300 4/17)



## How were shale BEs driven down so much?

- Two general ways:
  - Greater efficiencies
  - Price pressure on suppliers
    - Works great when rig count declining
    - Guess what is happening now?

## BREAK-EVEN LIQUIDS PRICE\*



## Result?

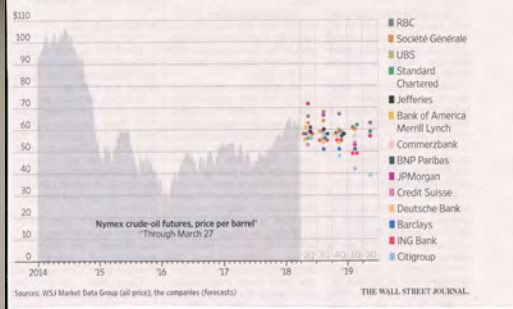
In easy entry market, oil prices tend to gravitate towards a rising breakeven price

## Oil Price Forecast: What Is the “Market” Saying

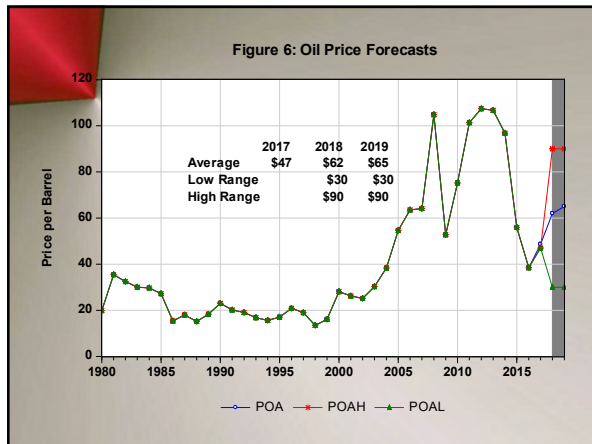
- Futures market: contango to backwardation
  - Spot Sept. 24, 2015 = \$44.48
  - Future December 2016 = \$50.63
  - Spot Feb. 8, 2016 = \$29.69
  - Future December 2016 = \$39.53
  - Spot Mar. 24, 2018 = \$68.64
  - Future December 2018 = \$65.69

## Looking Ahead

Where investment banks in Murch's survey see the price of U.S. crude-oil futures in the next few quarters







## More Wisdom

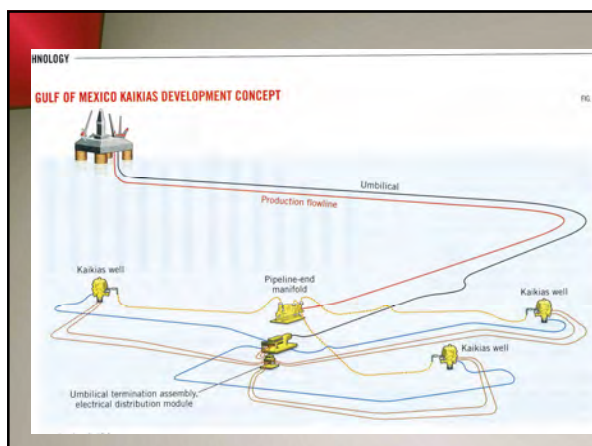
How to break a blind date

## GOM

- **GOM Bad News:**
  - Western, Central, & Eastern Lease Sales
    - 2017: 27 companies; 90 tracts; \$121mm
    - 2018: 33 companies; 105 tracts; \$128mm
    - Only 1% of 77 mm acres received bids
- **Good news:**
  - Declining BE point
    - 2014: BE = \$70-\$80
    - Now: BE = **\$40-\$50**

## GOM

- **Good news/Bad News**
  - 2018 lease sale
    - Of 105 leases, 85 were immediately contiguous to existing leased acreage; another 17 w/i two miles of existing leases



## North Shore: Good News

- **Chevron – Covington**
  - Consolidated leadership of Exploration/New Projects in Houston & operations in Covington to new VP of Gulf of Mexico in **Covington** (Mark Hatfield)—good for Covington long run
  - Employment @ about 550 in Covington by the end of 2018—a figure higher than before any workforce reductions were made at the site due to lower oil prices.

## North Shore: Bad News

- **Hornbeck** – Covington (7/17)
  - 45 of 62 boats stacked
    - About ½ of all boats in the market are stacked
    - Have refinanced maturities and renegotiated with creditors to amend and extend credits
  - Down -1,000 mariners from 2,000; Down to 150 onshore from 300
  - Stock price from \$60 to \$1.50; significant pay cuts across personnel
  - Need oil price greater than \$50---sustained--- to get new projects

## The Natural Gas Market

The Remarkable Industrial Boom  
On New Orleans' "edges"

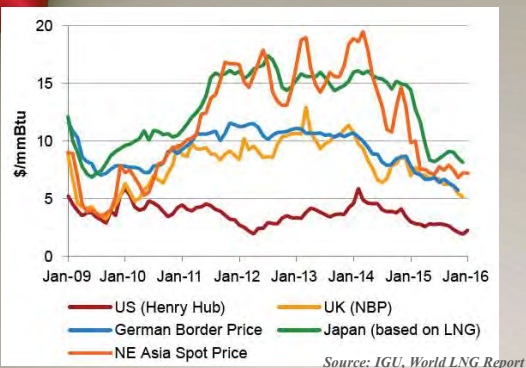
## The Good News: Amazing Industrial Boom:

- Past: Good year = \$5 billion
- GRIMA Survey: **\$170.4 Billion!** (2/18)
- Highly concentrated by industry;
  - Chemicals = \$50.4 billion
  - LNG Exports = \$67.1 billion
- Highly concentrated geographically
  - Baton Rouge to New Orleans: \$53.2 billion
  - Lake Charles MSA: \$114 billion
- 50X better than other SE states!

Fig. 8: Price of Natural Gas



## Monthly Average Prices



## Of \$170.4 Billion Announced

- **Statewide:** (2/18)
  - \$85.4 billion underway or completed
  - **\$85.1 billion @ FEED or permitting stage**
- Remember: Location of new or expanding plants is a matter of math.
- State taxes & regulations matter
  - Solving the \$1.5 billion "cliff"?
  - Change in TYITE program?

## Imparting wisdom....

When you are dead you don't know you are dead. Its difficult only for the others.

It's the same when you are stupid....

## It is not wise to get a tattoo

I don't get tattoos for the same reason you don't put a bumper sticker on a Ferrari

## Worst Things to Hear in Tattoo Parlor

- "There are two Os in Bob, right?"
- "Eagle!? I thought you said Beagle!"
- "Anything else you want to say? You've got plenty of room back here."
- "The flag's all done and, you know, the folds of fat make a nice waving effect."

## Of \$170.4 Billion Announced

- New Orleans MSA: \$37.3 billion (2/18)
  - \$11.0 billion underway
  - \$26.3 billion @ FEED stage

## NO MSA Industrial Construction (Notice size of #s & location)

- |                               |                              |
|-------------------------------|------------------------------|
| • <u>Underway/Completed:</u>  | • <u>Underway/Completed:</u> |
| – Yuhuang Chem: \$1.85 bill   | – Valero: \$325 mm           |
| – Dyno Noble: \$850 mm        | – Diamond Green: \$190 mm    |
| – Monsanto: \$975 mm          | – Shell Motiva: \$150 mm     |
| – Entergy: \$869 mm           | – Zen-Noh Grain: \$150 mm    |
| – Pin Oaks Terminal: \$600 mm | – Noranda Bauxite: \$35 mm   |
| – Marathon: \$340 mm          | – TCI Plastics: \$36 mm      |

## NO MSA Industrial Construction

- Potential:
  - Formosa Plastics: \$9.4 bill
  - South LA Methanol: \$1.7 bill
  - Eurochem: \$1.5 bill
  - Wanhua Chemicals: \$1.12 bill
  - Syngas Energy: \$360 mm
  - Gavilon Commodities: \$300 mm
  - First Bauxite: \$200 mm
  - Venture Global: \$8.5 bill
  - IGP Methanol: \$3.6 bill
  - Ram Terminals: \$150 mm
  - Nola Tanking: \$162 mm

## Methanol Plants: Potential Good News

- Under Construction
  - Yuhuang Chemical: \$1.85 bill IGP Methanol: \$3.6 bill
- Potential
  - South LA Methanol: \$1.7 bill
  - Eurochem: \$1.5 bill
  - Wanhua Chemicals: \$1.12 bill
  - IGP Methanol: \$3.6 bill

## The Methanol Market

- A building block for many chemicals and a fuel
- U.S. still importing more methanol; importing about 6.7 mm tons a year

## The Methanol Market: China

- On plan to convert all inland water vessels to methanol by 2020;
- Major expansion in methanol-to-olefins plants;
- Discussions on converting all coal-fired boilers to methanol
- Building several methanol import sites on its coast; China methanol consumption will triple from 31 million metric tons (MMT) in 2012 to 97 MMT in 2022.

## Of \$37.3 Billion Announced in NO

- Venture Global LNG at Port of Plaquemines
- \$8.5 billion on 20 trains; +220 jobs; \$215 mm a year to operate; average wage \$80,000

## Announced LNG Projects

- Cheniere: \$20 Bill
- Cameron LNG: \$12 bill
- Driftwood LNG: \$14.5 bill
- G2 LNG: \$11 bill
- Live Oaks LNG: \$2 bill
- Magnolia LNG: \$3.5 bill
- Monkey Island LNG: \$9.3 bill
- Trunkline LNG: \$10 bill
- Venture Global LNG: \$4.25 bill
- Plus Venture Global LNG: \$8.5 bill in Plaquemines Parish

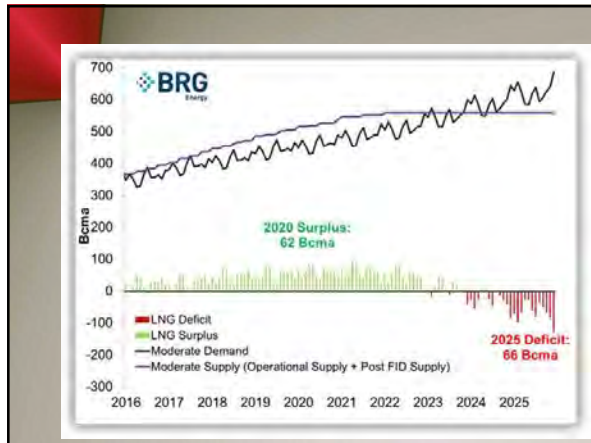
Note oil price role in go, no-go decision

## Being 1<sup>st</sup> to Get Contracts

- **Foreign suppliers price LNG off of oil price: 14.5%-17% of oil price**
  - @15% & \$100 oil = **\$15 mmbtu**
- **US Suppliers off Henry Hub price:**
  - Henry Hub = **\$3.50 mmbtu**
  - Plus 15% for liquefaction = **0.53**
  - Plus capital recovery = **3.50**
  - Plus transportation to Asia = **2.00**
  - **Total = \$9.53**
- **Result: LT-20 year contracts!**

## Hard to Get Contracts

- **Foreign suppliers price LNG off of oil price; 14.5%-17% of oil price**
  - @15% & \$50 oil = **\$7.50 mmbtu**
  - @15% & \$60 oil = **\$9.00 mmbtu**
- **US Suppliers off Henry Hub price:**
  - Henry Hub = **\$3.00 mmbtu**
  - Plus 15% for gas/liquefaction = **0.53**
  - Plus capital recovery = **3.50**
  - Plus transportation to Asia = **2.00**
  - **Total = \$9.03**
- **Result: No LT contracts! 5 years now**



## The Boost: China Trade Deal Will Help:

- **5/11: US-China Economic Cooperation 100-Day Plan**
- **China now free to negotiate contracts with US LNG exporters**
- **Potential 75 mm tonnes/year = \$26 billion!**

## More wisdom

## NO 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 & oils found in desserts, infant formula, frying fats and soaps
- **HIRE New Orleans – New Orleans (3/18)**
  - Under contract to purchase old Avondale site; possible breakbulk terminal with warehousing and manufacturing

## New Orleans MSA

- **iMerit** – New Orleans (4/18)
  - Digital data services company putting U.S delivery center in downtown NO; **+100 jobs**

## N.O. Construction: Healthcare

- **Provision Healthcare** – New Orleans (5/17)
  - **\$100 mm** proton therapy cancer treatment facility in University Medical Center complex; +60 jobs @ \$100,000; open 2019
- **Ochsner Health Systems** – New Orleans (3/18)
  - **\$360 mm** expansion; complete 2020-I; already completed 40 inpatient rooms on 10<sup>th</sup> floor, 5 operating rooms on 2<sup>nd</sup> floor, 300 spaces to parking garage, new imaging center, Ochsner Rehabilitation Center, Boh Center for Child Development & 5-story rehabilitation hospital

## N.O. Construction: Healthcare

- **Children's Hospital** – New Orleans (3/18)
  - **\$300 mm**, 3-phase expansion of LCMC Health System's onto new campus; Started 3/17; open 8/2021;

## Construction: Public

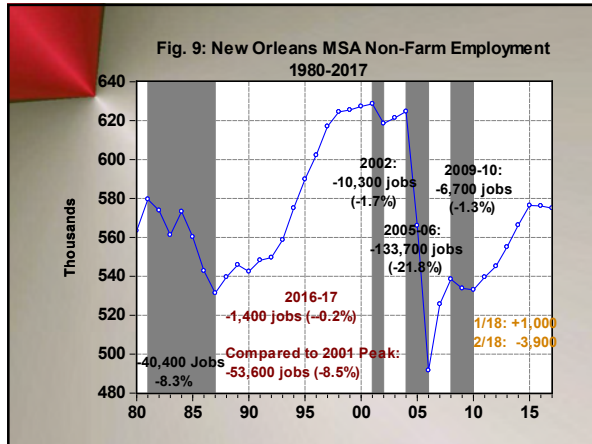
- **\$370 mm** expansion of **WWII Museum** (3/18)
- **\$993.7 mm** construction of new **Louis Armstrong Airport** (3/18)
- **K-12 Public schools** in Orleans Parish (3/18)
  - 2017 - \$175 mm
  - 2018 - \$200 mm
  - 2019 - \$120 mm (final year)
- **\$317.7 mm** (down from \$478.6 mm) in state road lettings over 2018-19

## New Orleans: Public Construction

- **Army Corps** Spending trends on Hurricane and Storm Damage Risk Reduction System (7/17)
  - 2014: \$942 million
  - 2015: \$970 million
  - 2016: \$808 million
  - 2017: \$659 million
  - 2018: \$458 million
  - 2019: \$256 million

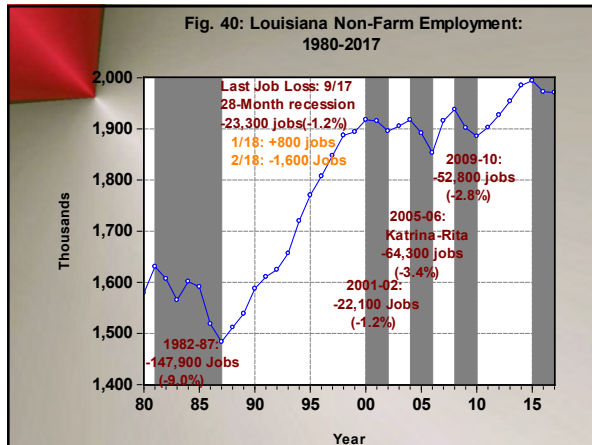
## Construction: Private

- **The Odeon - South Market District** (3/18)
  - **\$100mm** apartment tower; construction late 2018; 67 jobs
- **Four Seasons** – New Orleans (3/18)
  - **\$360 mm** renovation of 33-story World Trade Center; Known as 2 Canal Street; Start Construction??; Open ??; 336-luxury hotel room floors 7-19; 80 hotel-serviced condominiums floors 21-30; renovation & demolition permits filed 7/17; +450 jobs



**The Net Impact on State**

Bouncing along bottom



**Forecasts: 2018-19**

- New Orleans:**
  - 2018: +4,600 (+0.8%)
  - 2019: +7,600 (+1.3%)
- Louisiana:**
  - 2018: +12,000 (0.6%)
  - 2019: +22,300 (1.1%)

**Reaction?**

Depends on your perspective...

**Economic Outlook & Real Estate Forecast Seminar**

**UNO/ Latter & Blum**

Dr. Loren C. Scott  
Loren C. Scott & Associates, Inc.  
[www.lorencscottassociates.com](http://www.lorencscottassociates.com)

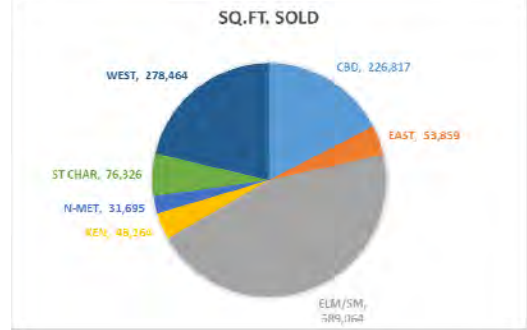
# Industrial Market

Daniel Marse  
Commercial Sales & Leasing  
NAI/Latter & Blum, Inc./Realtors®



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.525.1511  
www.latterblum.com

## Industrial Statistics 2017 YE Total Sq.Ft. Sold



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.525.1511  
www.latterblum.com

### Notable Transactions 4325 France Road



- Transaction Details
- 414,000 Sq.Ft. of Improvements
  - 2,110,046 Sq.Ft. of Land



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.525.1511  
www.latterblum.com

### Notable Transactions 5733 Citrus Blvd.



- Transaction Details
- 223,442 Sq.Ft. of Improvements
  - 16.50 Acres of Land
  - Bought as an investment property
  - Former PepsiCo Distribution



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.525.1511  
www.latterblum.com

### Notable Transactions 6000 Jefferson Avenue



- Transaction Details
- 82,000 Sq.Ft. of Improvements
  - 6.67 Acres of Land



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.525.1511  
www.latterblum.com

### Notable Transactions 181 Riverbend Blvd.



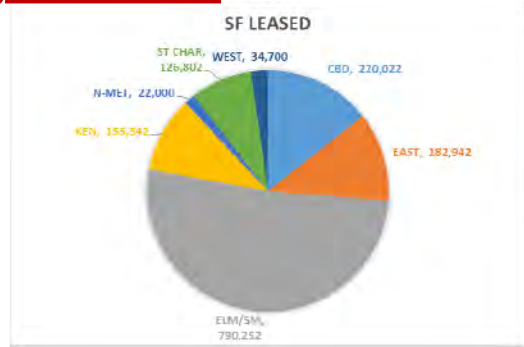
- Transaction Details
- 53,360 Sq.Ft. of Improvements
  - 4.8 Acres of Land



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.525.1511  
www.latterblum.com



**Industrial Statistics**  
2017 YE Total Sq.Ft. Leased



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.526.1511  
www.letterblum.com

**Notable Transactions**  
3501 Jourdan Road

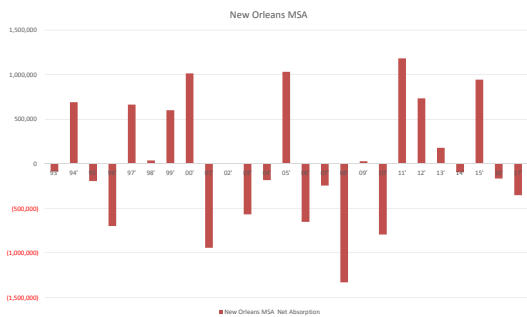


- Transaction Details**
- 88,000 Sq.Ft.
  - To be used as a brewing facility



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.526.1511  
www.letterblum.com

**Industrial Statistics**  
Historical Absorption



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.526.1511  
www.letterblum.com

**Industrial Statistics**  
Historic Availability



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.526.1511  
www.letterblum.com

**Notable Transactions**  
900 Atlantic Avenue



- Transaction Details**
- 82,000 Sq.Ft. of Improvements
  - 4.20 Acres of Land
  - Net Leased Investment (NNI)
  - Leased to Vital Records Control of LA, LLC



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.526.1511  
www.letterblum.com

**Greater New Orleans**  
Demand Generators



New Orleans, LA 70130 USA  
504.526.1511  
www.letterblum.com

**Demand Generators**  
**Port Of New Orleans**

Imports

Exports

**NALetter&Blum**

430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.526.1511  
[www.nalletterblum.com](http://www.nalletterblum.com)

**Port Of New Orleans**  
**Six Class 1 Railways**

**NALetter&Blum**

430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.526.1511  
[www.nalletterblum.com](http://www.nalletterblum.com)

**Port Of New Orleans**  
**Union Pacific**

**NALetter&Blum**

430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.526.1511  
[www.nalletterblum.com](http://www.nalletterblum.com)

**Port Of New Orleans**  
**Northfolk Southern**

**NALetter&Blum**

430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.526.1511  
[www.nalletterblum.com](http://www.nalletterblum.com)

**Port Of New Orleans**  
**Kansas City Southern**

**NALetter&Blum**

430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.526.1511  
[www.nalletterblum.com](http://www.nalletterblum.com)

**Port Of New Orleans**  
**Canadian National Illinois Central**

**NALetter&Blum**

430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.526.1511  
[www.nalletterblum.com](http://www.nalletterblum.com)

Port of New Orleans  
CSX Transportation



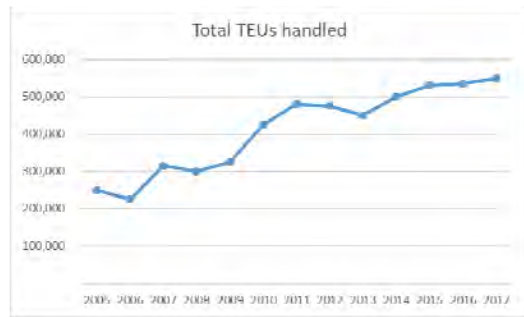
430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.525.1511  
[www.letterblum.com](http://www.letterblum.com)

Port of New Orleans  
BNSF Railways



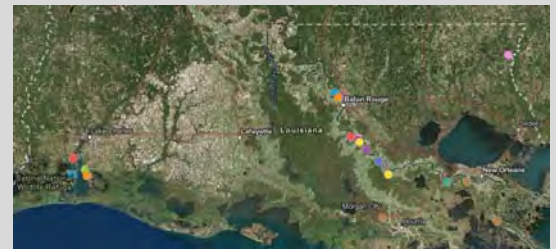
430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.525.1511  
[www.letterblum.com](http://www.letterblum.com)

Port of New Orleans  
Twenty Foot Equivalent Units



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.525.1511  
[www.letterblum.com](http://www.letterblum.com)

Demand Generators  
Petrochemical Industry



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.525.1511  
[www.letterblum.com](http://www.letterblum.com)

Demand Generators  
Petrochemical Industry

Project Number	Facility	Address	Description	Investment	Direct Jobs	Average Salary	% Of Total Jobs Created
1	Sasol Ltd.	Westlake, LA	LNG to Gas	\$18,500,000,000	1253	\$88,000	23.8%
2	Sempra Energy	Hackberry, LA	LNG	\$6,000,000,000	130	\$80,000	2.4%
3	Magnolia LNG	Lake Charles, LA	LNG	\$2,200,000,000	175	\$75,000	3.2%
4	CF Industries	Donaldsonville, LA	Methanol	\$1,100,000,000	93	\$56,500	1.7%
5	GSX Energy	Lake Charles, LA	Gas to Gas	\$1,300,000,000	243	\$66,500	4.4%
6	South Louisiana Methanol	Convent, LA	Methanol	\$1,300,000,000	374	\$66,500	6.9%
7	Methanex Corp	Geismar, LA	Methanol	\$1,100,000,000	165	\$56,250	3.0%
8	Dyno Noble Americas	Waggaman, LA	Ammonia	\$1,025,000,000	65	\$55,700	1.2%
9	Dow Chemical	St. Charles, LA	Ethylene	\$700,000,000	100	\$75,000	1.8%
10	The Mosaic Company	Faustina, LA	Ammonia	\$700,000,000	53	\$53,000	0.9%
11	Westlake Chemicals	Geismar, LA	Chlor-alkali	\$466,000,000	100	N/A	1.8%
12	NuStar Energy	Convent, LA	Tank Storage	\$385,000,000	32	\$98,000	0.5%
13	Aubion Rare Metals	Geismar, LA	Rare Earth Elements	\$380,000,000	175	N/A	3.2%
14	Exxon Mobil Corporation	Baton Rouge, LA	Synthetic Oil	\$215,000,000	45	\$66,200	0.8%
15	Kalchem Natia USA	Baton Rouge, LA	Plastics Storage	\$150,000,000	210	N/A	3.8%
16	Genesis Energy	Baton Rouge, LA	Oil	\$1,250,000,000	230	\$80,000	4.0%
17	SE Tylose	Plaquemine, LA	Cellulose	\$1,200,000,000	30	\$58,000	0.5%
18	Huntman Corporation	Geismar, LA	Methylene	\$78,000,000	17	\$92,000	0.3%
19	International Paper	Bogalusa, LA	Paper Mill	\$44,000,000	411	\$69,000	7.6%
20	K&B Machine	Terrebonne Parish, LA	Manufacturing	\$40,000,000	19	\$48,000	0.3%
21	Global Ventures LNG	Belle Chasse, LA	LNG	\$8,500,000,000	300	\$70,000	5.5%
22	Formosa	St. James, LA	Polymers	\$9,400,000,000	1330	\$54,000	11.3%
				\$52,000,000,000	5410	\$70,899	



430 Notre Dame Street  
New Orleans, LA 70130 USA  
504.525.1511  
[www.letterblum.com](http://www.letterblum.com)

## New Orleans Office

UNO ECONOMIC OUTLOOK & REAL ESTATE FORECAST  
APRIL 2018



## Vanishing Louisiana Coastline



## Vanishing N.O. Office Supply



## New Orleans CBD 1970

- ▶ Hibernia Tower (1921)
- ▶ Whitney Tower (1921)
- ▶ FNBC (original) bldg. 210 Baronne (1927)
- ▶ 225 Baronne (1962)
- ▶ International Trade Mart (1965)
- ▶ American Bank Building (1929)
- ▶ Plaza Tower (1969)



## Newbies

- ▶ 1010 Common 1971
- ▶ One Shell Square 1972
- ▶ Lykes Center 1972



## The Oil Expansion

- ▶ 1978 Canal Place and Amoco Building (Orleans Tower)
- ▶ 1980 Pan-American Life Building and Mobil Building (1250)
- ▶ 1982 1555 Poydras, Chevron (Exchange) and Entergy (639)
- ▶ 1983 Texaco (400 Poydras), 1515 Poydras and 650 Poydras
- ▶ 1984 Energy Centre and Freeport McMoRan
- ▶ 1985 Place St. Charles (Chase)
- ▶ 1987 LL&E (First Bank & Trust) 909 Poydras
- ▶ 1989 CNG/Dominion/ENI (Benson Tower)

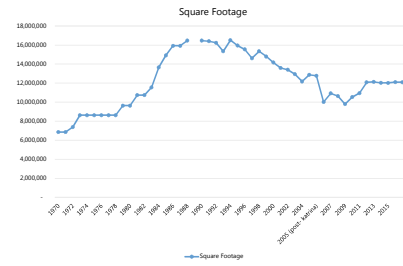


## Suburban Challenge

- ▶ Lakeway I, II & III (1981, 1984 & 1987)
- ▶ Galleria (1986 partial completion)
- ▶ Heritage Plaza (1983)
- ▶ Northpark I & II (1986 & 1998)
- ▶ LLOG (2009)
- ▶ Chevron (2008)



## CBD Office Space 1970 - 2018



## Oil & Gas Mergers/Downsizing

- ▶ Chevron Texaco (606,608) 2001
- ▶ Exxon Mobil (422,899) 1999
- ▶ BP Amoco (378,895) 1998
- ▶ O&G over 2.4 million sf vacated



## Evolution To Suburbs



## Tourist Based Economy

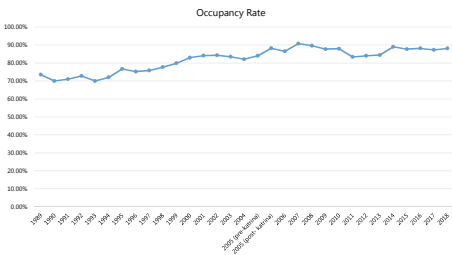


## Banking Consolidation

- ▶ Chase Bank One FNBC
- ▶ Capital One Hibernia
- ▶ Hancock Whitney
- ▶ Banks over 1.3 million sf vacated



## Occupancy 1989 - 2018



## Occupancy

- ▶ Total square feet leased/occupied (numerator)
- ▶ Total square feet available for lease (denominator)
  
- ▶ 2018 leased (num) 10,648,774
- ▶ 2018 available (den) 12,087,144
  
- ▶ Occupancy rate 88.1%



## Occupancy

- ▶ 2018 (num) 10,648,774
- ▶ 1989 (den) 16,462,811
  
- ▶ Occupancy
  
- ▶ 64.7%



## Elimination And/Or Reduction Of Space For Office

- ▶ 225 Baronne
- ▶ 210 Baronne
- ▶ Lykes
- ▶ Whitney (Poydras)
- ▶ World Trade Center
- ▶ Tidewater
- ▶ ODECO
- ▶ Maritime



## Elimination And/Or Reduction Of Space For Office

- ▶ American Bank Carondelet
- ▶ BNO St Charles
- ▶ Queen & Crescent
- ▶ Plaza Tower
- ▶ Chamber of Commerce
  
- ▶ Planned: Whitney



## Predictions for 2018 - 2019

- ▶ New technology will continue to reduce the need for office space
- ▶ Investor attention will be focused on retail dynamics
- ▶ New blood of young professionals will enter N.O. brokerage
- ▶ The state's "fiscal cliff" will become the state's "two step"
- ▶ Office rental rates will remain stable with little change
- ▶ Office investors are monitoring the adaptive use market





UNO Economic Outlook  
& Real Estate Forecast Seminar

---

# RETAIL EVOLUTION



## RETAIL UNCERTAINTY



Just 8.9 percent of retail sales in the United States last year were made online – including Amazon.



Source – International Council of Shopping Centers

## OPPORTUNITY

- Shoppers Value
- Walmart Drive Thru
- Target Pickup



## RUMORS



## NOTABLE PROJECTS

- Julia St. / St. Charles Ave
- South Market District
- DXC Technologies





# Institute for Economic Development & Real Estate Research

## 2018 Institute Partners

### EXECUTIVE



### General



### Senior



### Junior



Shadow Lake  
Management

### Associate

Crescent Title

Eustis Commercial  
Mortgage

Fifth District  
Savings Bank

Gulf States  
Real Estate Services

Jefferson Parish Economic Development  
Commission (JEDCO)

Kirschman Realty, LLC

Liberty Bank

Max J. Derbes, Inc.

Resource Bank

The Finance Authority of  
New Orleans

Walker & Dunlop