

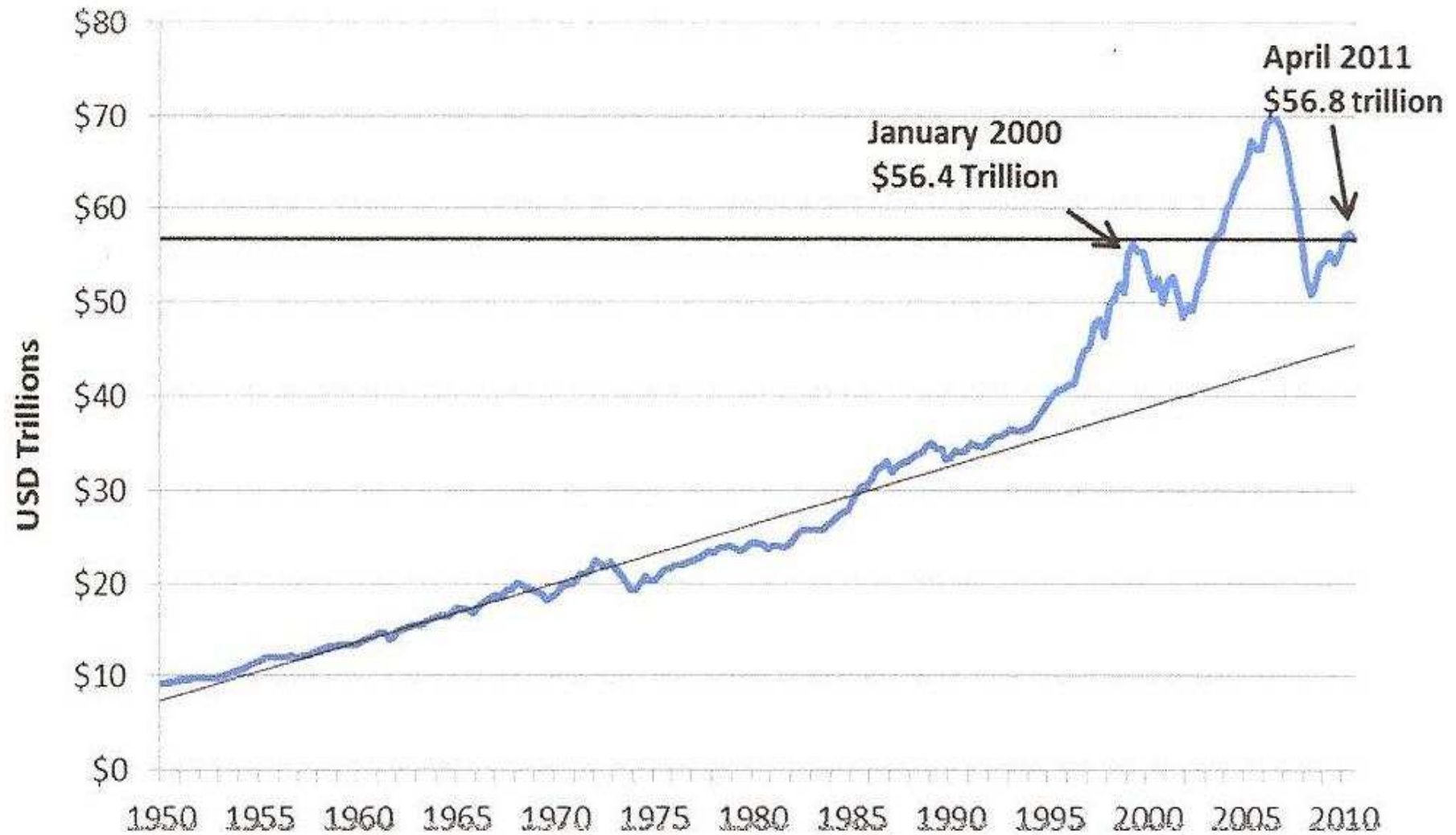
**January 2012 Economy & Real
Estate Trends**

by

Wade R. Ragas, PhD MAI

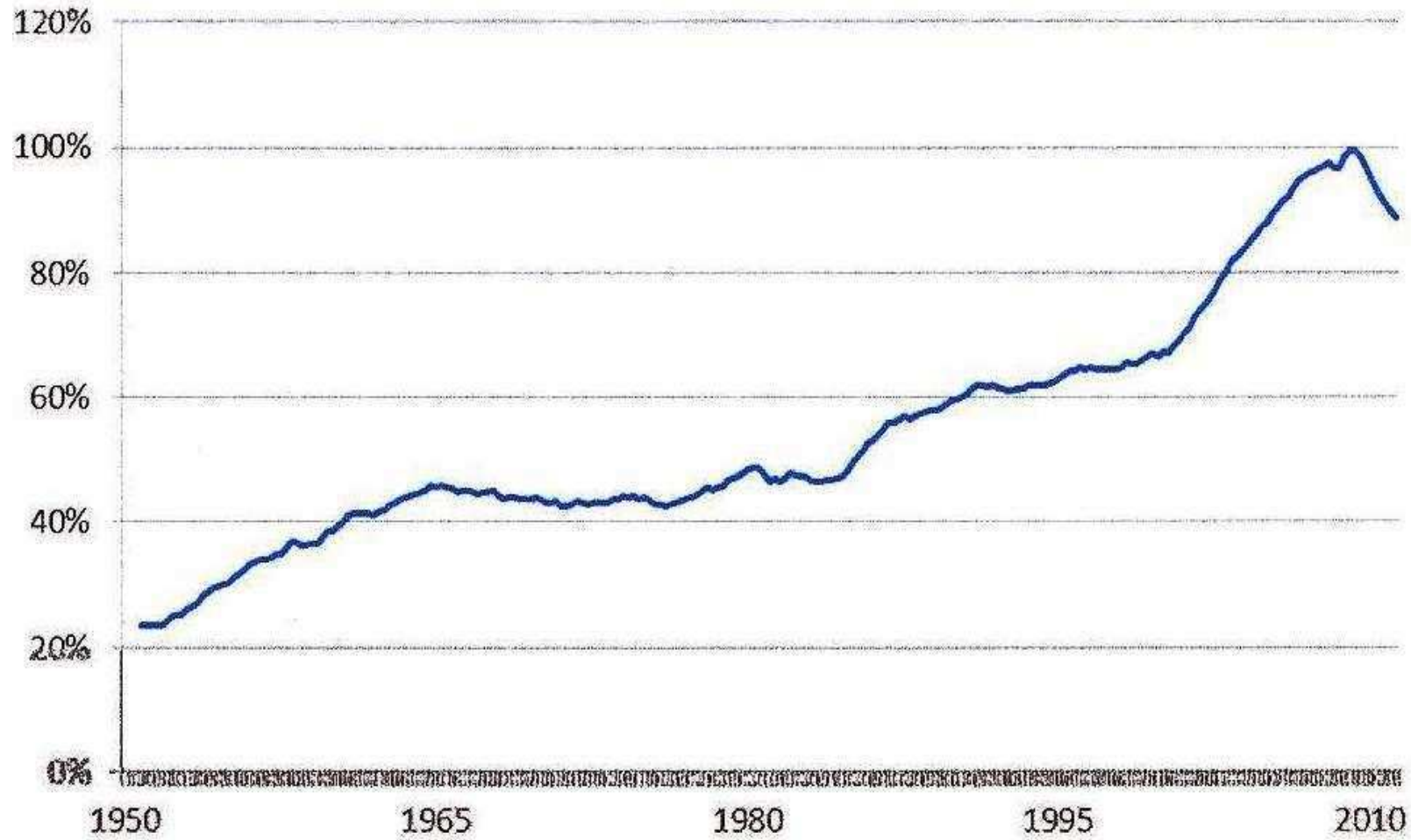
HBA of New Orleans

Figure 4: Household Net Worth (2010 Dollars)



Source: Federal Reserve, Bureau of Labor Statistics

Figure 7: Household Debt to GDP



Source: Federal Reserve

Expected National Market Trends

- GDP Slow Growth
- Housing Prices Continue to Decline 2012
- Mortgage Rates Low 4%, Fed Subsidies continue
- Inflation in Food, Energy, Imports 3-4%
- Deflation for Rents, Real Estate, General U.S. Merchandise, Exports of U.S. -1 to -2%
- Consumer Confidence Low, erratic
- European Recession severe and long
- Japan Flat +1%; China +6% feels like recession

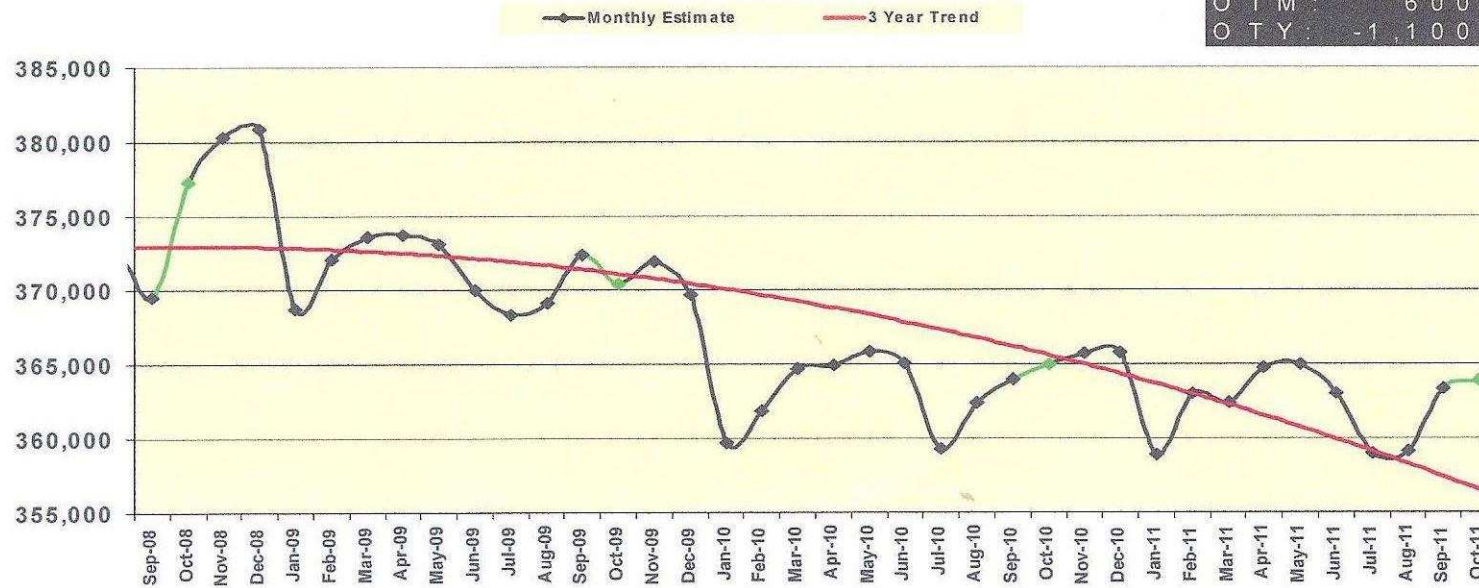
Metro New Orleans Employment

- October 2010 - 522,500
- October, 2011 - 533,100
- Trend - +10,600 Jobs
- State' Strongest Job Growth in N.O. Area
- 70,000 Jobs Lost from Old High

October 2011

Baton Rouge MSA Nonfarm Employment

	N S A
	3 6 3 , 9 0 0
O T M :	6 0 0
O T Y :	- 1 , 1 0 0

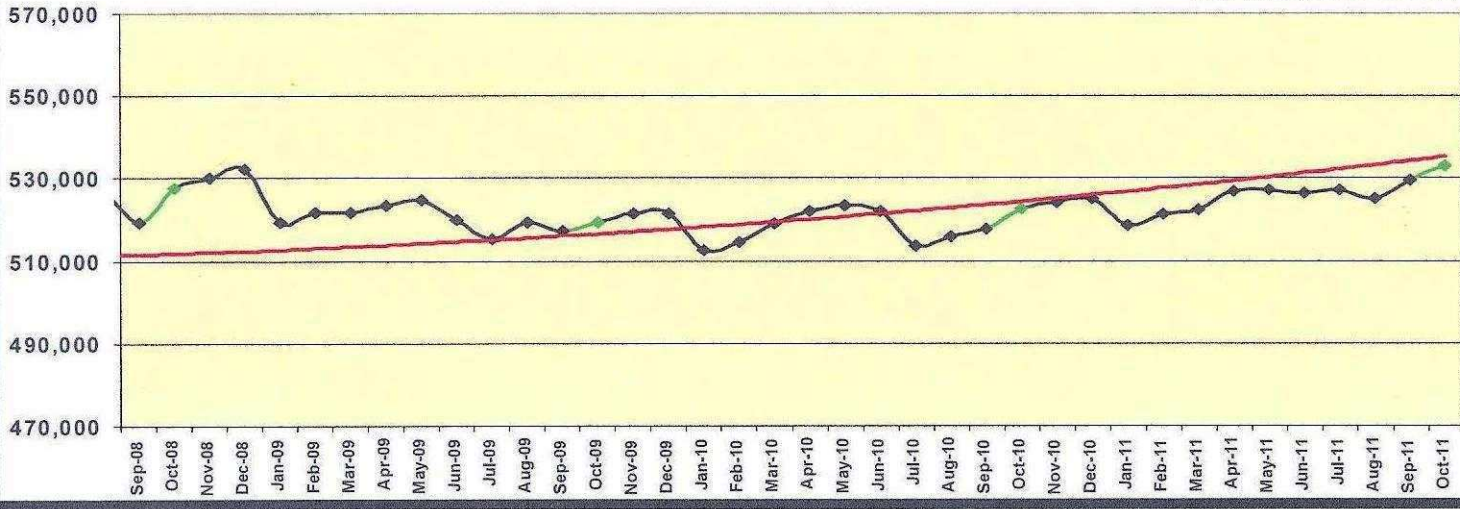


October 2011

New Orleans MSA Nonfarm Employment

	NSA
	533,100
○ TM :	3,500
○ TY :	10,600

◆ Monthly Estimate — 3 Year Trend



October 2011 Unemployment Rate

- New Orleans Metro - 6.4%
- Jefferson - 6.0%
- Orleans - 7.8%
- St. Tammany - 5.2%
- St. Charles - 6.0%
- St. John - 7.7%
- Nation - 8.5% to 10%
- New Orleans Attracting Young Households

Metro New Orleans 2000 vs. 2010

	2000	2010	Share	Change
Total Population	1,316,510	1,167,764	100.0%	-12.7%
HOUSEHOLDS BY TYPE				
Total Households	498,587	455,146	100.0%	-9.5%
Biggest Losses:				
1.Family Households	335,595	294,251	64.6%	-14.1%
2.Married Couple/Husband-Wife Family	222,073	188,590	41.4%	-17.8%
3.Female Householder, No Husband Present	90,823	79,201	17.4%	-14.7%
Nonfamily Households	162,992	160,895	35.4%	-1.3%

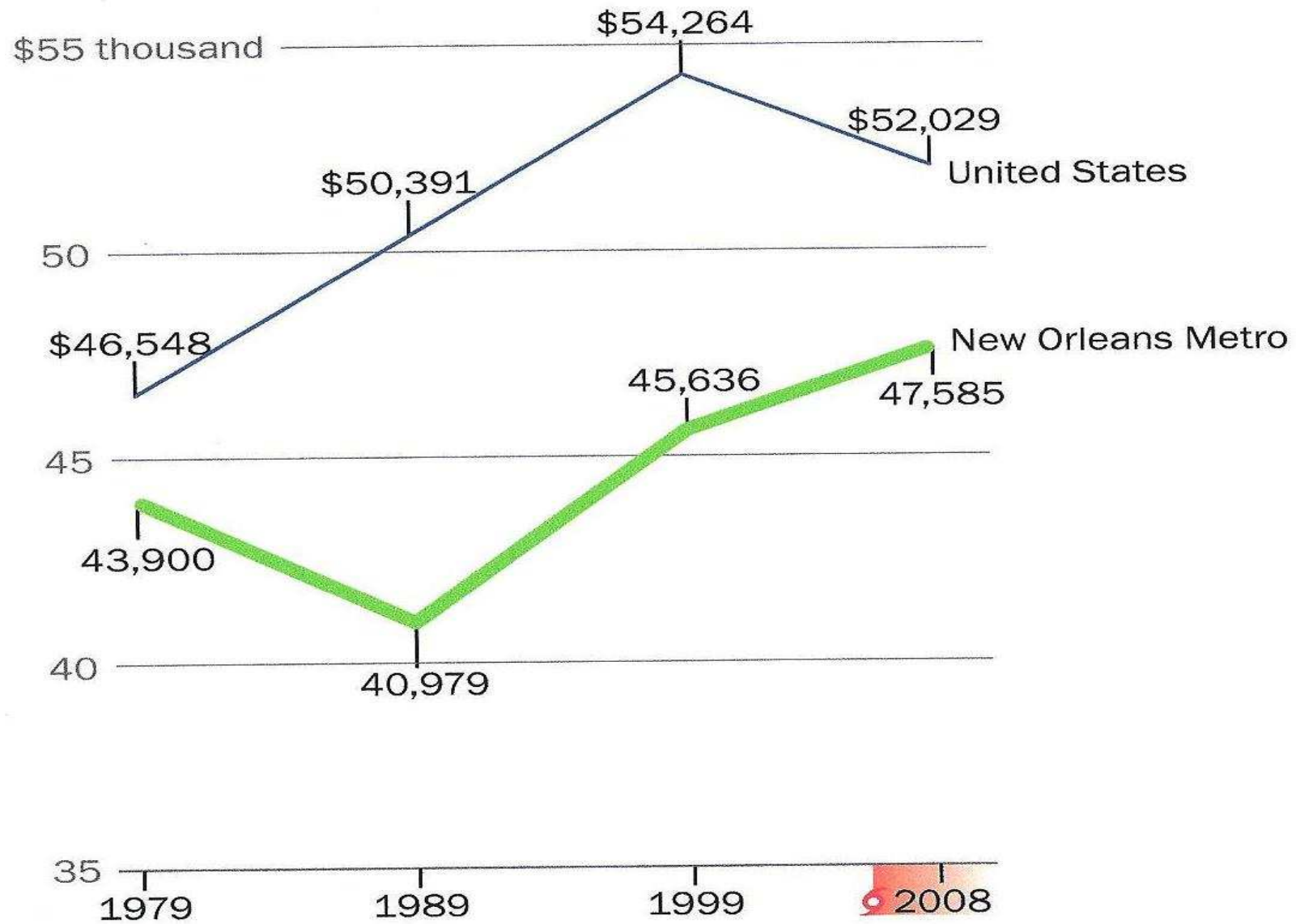
Metro New Orleans 2000 vs. 2010

	2000	2010	Share	Change
Householder living alone	135,781	129,051	28.4%	-5.2%
Householder with children under 18	193,407	149,362	32.8%	-29.5%
Households seniors 65 years+	110,223	106,595	23.4%	-3.4%
HOUSING OCCUPANCY				
Total Housing Units	548,629	538,239	100%	-1.9%
Occupied housing units	498,587	455,146	84.6%	-9.5%
Owner-occupied housing units	306,674	288,234	63.3%	-6.4%
Renter occupied housing units	191,913	166,912	36.7%	-15.0%
Vacant housing units/abandoned	50,042	83,093	15.4%	39.8%

Population – Metro Area

- 2005: 1,316,500
- 2010: 1,167,767
- Katrina Impact on Population: -12.7%
- Job Loss: -12.8%
- More Retirees, Shrunken Labor Force
- Shift to Tangipahoa and St. Tammany Parishes
- Slow Job Growth Determines Population Growth

Median household income 2008 inflation-adjusted dollars



Construction Produces Job Loss Floor

- \$42.4 Billion in New Construction 2006-2015
(Federally Supported)
- Still To be Awarded or Built \$17 Billion (approx.)
(as of Dec. 2011)
- Mostly Federally Funded or Assisted
- \$300-\$500 Million a Month in Contracts Until Mid-2014
- Federal Budget Cut Risk is Growing

Metro Total Units & Multifamily Permits

Year	Total Units	Multi
2000	4,183	486
2001	4,457	853
2002	5,414	877
2003	6,129	345
2004	6,400	394
2005	4,781	105
2006	5,534	286
2007	7,024	2,593
2008	4,789	1,383
2009	2,832	305
2010	2,171	83
2011	2,321	104
Aug. 00 to 04	5,045	591
2012 (E)	2,500	200 plus renovated

Source: RPA & U.S. Census Construction Reports

Foreclosure Rate Slows

- 2011 7,089 -9.37%
- 2010 7,822 +36.25
- 2009 5,741 +31.28%
- 2008 4,373 +88.8%
- 2007 2,316 +217.2%
- Source: CityBusiness, Jan 20 2012

Single Family Units

St. Tammany, Orleans, Jefferson

2004-2011

Year	St. Tammany	Orleans	Jefferson
2004	3,167	552	1,173
2005	2,468	413	912
2006	2,659	468	707
2007	1,631	1,026	798
2008	933	882	565
2009	592	947	350
2010	576	820	274
2011	776	753	213
2012 (forecast)	850	800	200

Source: RPA & U.S. Census

Outcome Locally: Very Slow Housing Recovery, Except for Orleans Renovations

New Commercial Development Surge

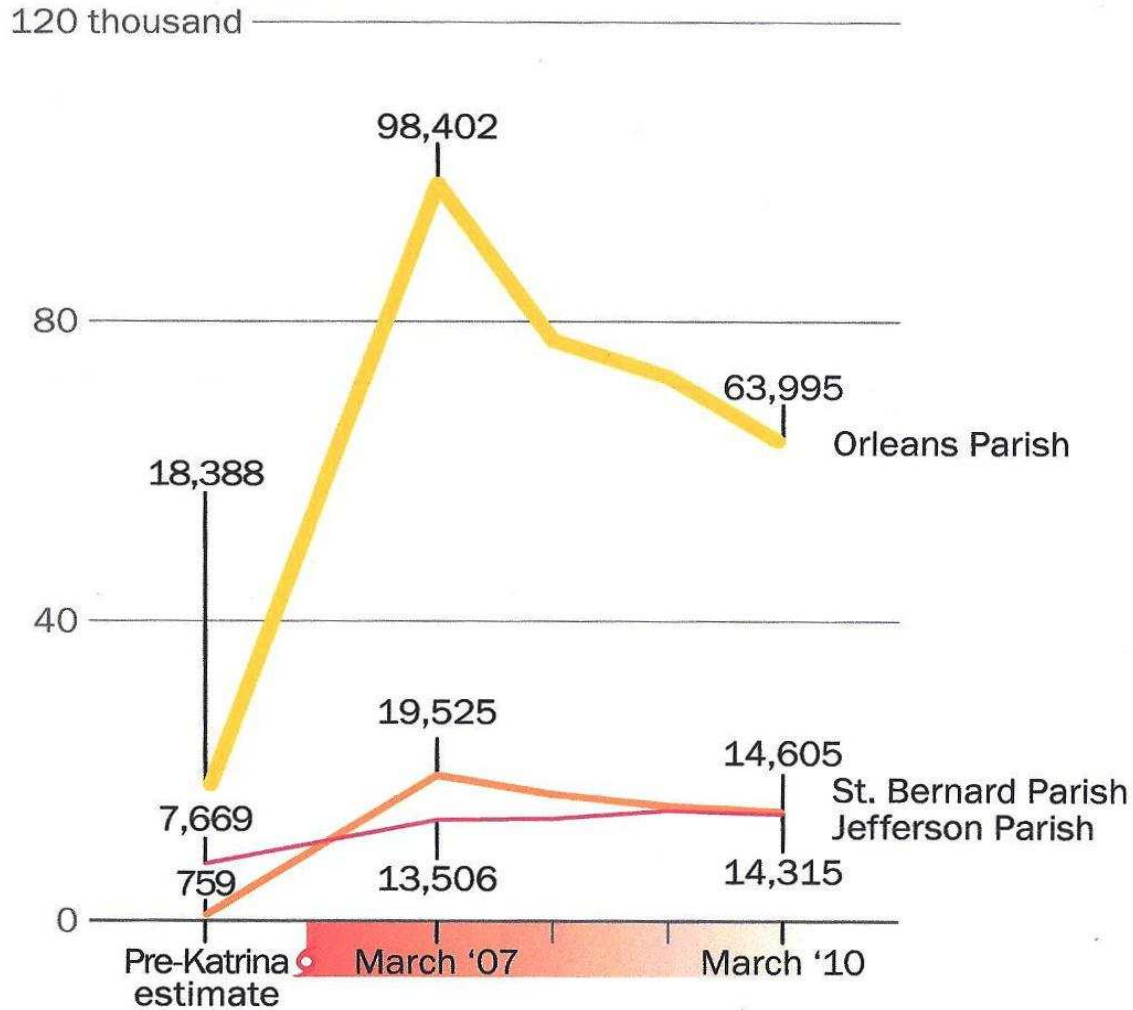
- Orleans CBD- Multifamily, Rouse, N.O. Center Rebuild, Superdome Renovation
- Hyatt Rebuild & Conference Center, Fresh Market, Domain Properties High Rise & Retail
- Airport Renovation, Port Expansion
- St. Tammany Strong Oil Co. Office Demand (Class A)
- St. Tammany Retail Sales Begin to Rebound
- Walmarts in East New Orleans & Gentilly
- Hospitals – VA, Chalmette, Lake Forest, LSU

Tourism Recovery

- 4 Cruise Ships, Instead of Two as of November 2011
- Saenger to Open in Dec 2012 After Being Dark for 8 Years, Construction Started-\$50 million renovation
- Joy Renovation Complete
- Streetcar Expansion on Loyola to Rampart 2012 & to Elysian Fields and maybe River by 2014
- Super Bowl 2013, BCS Championship 2012, Men's Final Four 2012, Women's Final Four 2013, & Sugar Bowl's
- Saints Playoffs?
- Redevelopment of Iberville Public Housing to City Hall/Old Charity Possible with Federal Funding

Unoccupied addresses

residential, commercial, and other (as of March of each year)



Housing Prices Per Foot

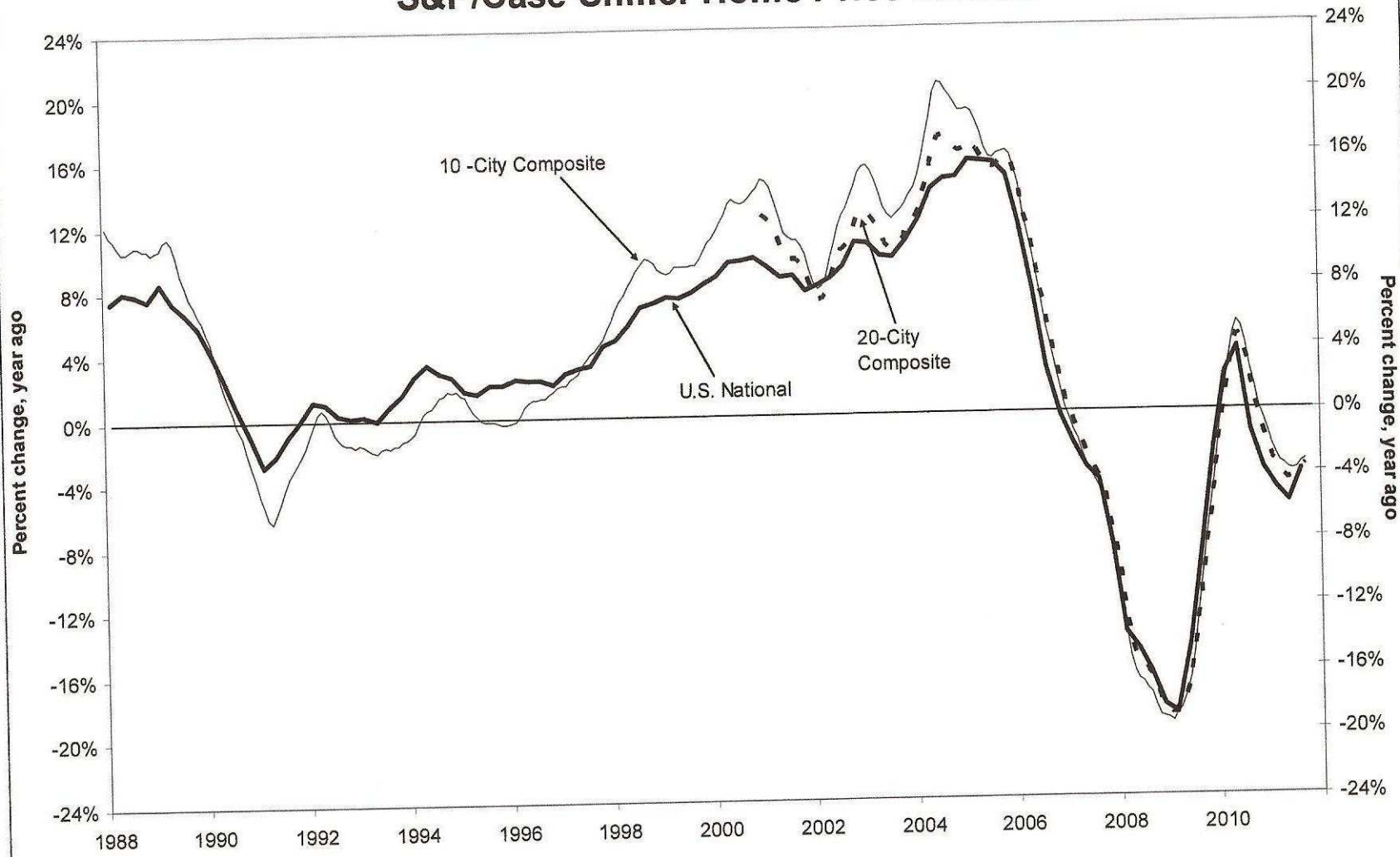
	Dec. 2009	June 2011
Orleans	\$129	\$141
Damaged	\$37	\$39
St. Tammany	\$108	\$99
Tangipahoa	\$94	\$84
Jefferson	\$110	\$100
St. John	\$93	\$77
Plaquemines	\$112	\$110
St. Bernard	\$66	\$66
Damaged	\$21	\$22
St. Charles	\$103	\$92

Source: GSREIN MLS Data from New Orleans

Metropolitan Assoc. of Realtors, compiled by RPA

Trend: Back to 2005 Price Level; Bottom Forming

S&P/Case-Shiller Home Price Indices



Source: S&P Indices & FiServ

Multifamily Market Rent & Occupancy

Spring 2011

Location	Average Rent	Rent Per Ft	Avg. Unit Area	Occupancy	
				2011	2010
Historic Center	\$1,208	\$1.41	855	97%	93%
Jefferson	\$821	\$0.98	839	91%	93%
St. Tammany	\$987	\$1.00	988	87%	90%
Algiers & East N.O.	\$714	\$0.81	877	87%	80%
Kenner	\$839	\$0.98	840	79%	82%
Overall	\$864	\$1.00	866	91%	90%

Source: Greater New Orleans Multifamily Report

Trend: Absorbing New Units, Losing HH in Kenner, Algiers, E. New Orleans

Local Biggest Positives

- Federally Supported New Development & Infrastructure—Lots of Shovel Ready Jobs
- New Hospitals for St. Bernard, VA, and East New Orleans, LSU-5,000+ New, High Paying Jobs by 2014
- NUCOR Steel Mill in St. James, Underway, Opens 2013-14
- Redevelopment of CBD, Retail and Services on going
- New LSU State Medical/Teaching/Research Center plus Tulane Medical Growth & Cancer Research Center
- Currency Weakness and Export Growth Helps N.O. Port
- Jefferson Westbank Redevelopment & Huey Long Bridge
- Eventual Energy Exploration Expansion- Shale & Gulf

Southern Half U.S. Ranked by Investment Points Per Million Residents 2011

State	Deals	Points	*PPM
1 Louisiana	71	495	115.4
2 Kansas	23	165	59.6
3 North Carolina	70	460	51.9
4 Tennessee	45	300	49.6
5 South Carolina	31	205	47.4
6 Maryland	34	245	43.6
7 Alabama	32	200	43.4
8 Mississippi	14	120	41.2
9 Kentucky	27	170	40.4
10 Georgia	38	280	29.9
11 Texas	96	665	28.2
12 Virginia	33	190	24.8
13 Arkansas	12	65	23.1
14 West Virginia	5	40	21.9
15 Oklahoma	8	55	15.3
16 Missouri	11	80	13.6
17 Florida	30	210	11.6

Source: Southern Business Development; Louisiana all time record score in 2011 and top in South 2007,2009, 2010, and 2011---FOUR YEARS IN LAST 5 YEARS.

Biggest Negatives

- U.S. Double-Dip Recession is Becoming More Likely
Fall 2012 to 2013
- Slow Drop in Housing Prices Continues, Foreclosures
Spread into N.O. area
- Lack of National Energy Policy to Grow Supply
- Avondale, NASA and MRGO Closures
- Lack of Predictable Growth Engine for National
Recovery
- Uncertainty from Obama Healthcare Program
- Federal Election Uncertainty

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