SOUTHSHORE AND SURROUNDING AREAS

MURPHY
APPRAISAL SERVICES

This is the initial 2014 electronic edition of the Murphy Appraisal Newsletter, Southshore Edition, for our clients, contacts and friends. It contains select items of interest in the real estate marketplace. We hope you find it informative and useful.

Our **MA Spotlight** in this edition is about how downtown New Orleans is increasing as an area for multi-family residential development, with numerous rehabilitation and conversion projects in the works.

We are pleased to announce that we have opened a new Thibodaux office to facilitate our growth into the market covering Lafourche, Terrebonne, Assumption, St. Martin, St. Mary, Iberia and Lafayette parishes.

Congratulations to **James Montgomery** and **William Summerour** from our offices who have recently obtained their general appraisal licenses from the Louisiana Real Estate Appraisers Board. Kudos also to **Ashton Ray**, who has passed the comprehensive exam necessary for receiving his MAI designation.

Please continue to keep us in mind for your appraisal and consultation needs.

– Rick Murphy

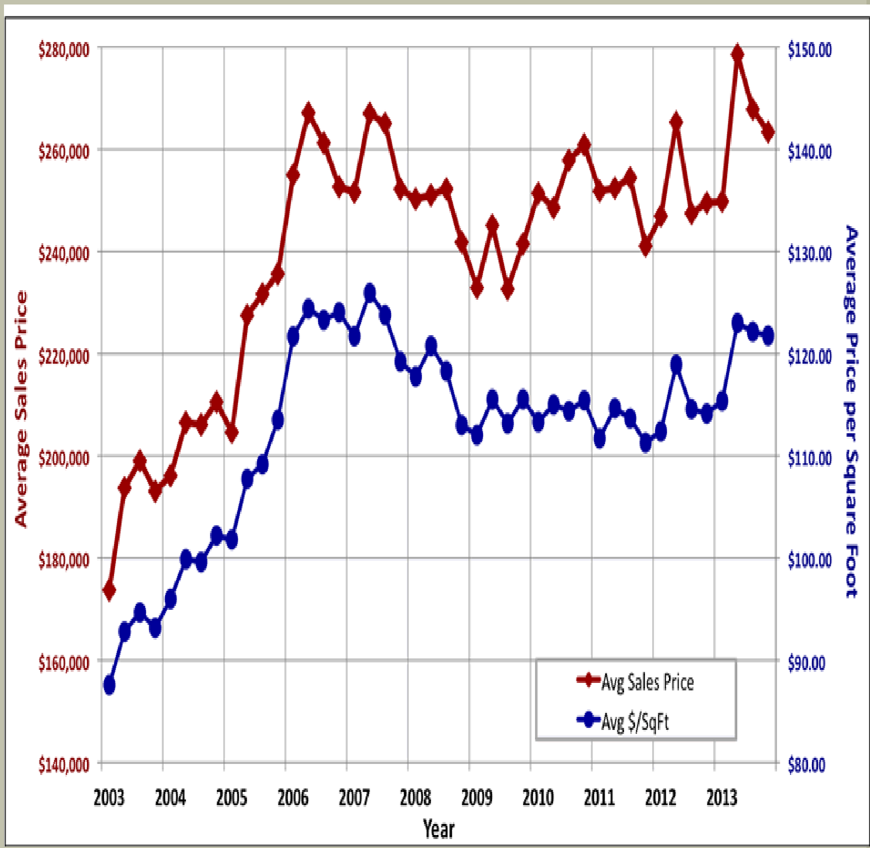
Southshore Real Estate

February 2014

2013 Was Positive For NOLA Single Family Home Market

According to data released by the Gulf South Real Estate Information Network (GSREIN, courtesy of Keller Williams Realty), in 2013 metropolitan area home prices rose, on average, an estimated 4.9 % over 2012, and sales activity was up 10.7%, with an average of 994 home sales per month. The average price per typical single family home in good condition was about $140,000. The average price per square foot was $121, the highest it's been since the peak of 2006-07 ($123/SF). The current average 30-year home loan rate was quoted at 4.72%

http://www.metro-new-orleans.com/html/more/recent-new-orleans-real-estate-prices.html



Family NOLA Home Foreclosures Continue Slow Decline

The number of foreclosed homes in the New Orleans metropolitan area for the year was down just a fraction of a percent, but 2013 marked the fourth consecutive year of declines in the number of filings. That put the New Orleans area 62nd among the 203 markets Irvine, Calif.-based RealtyTrac tracks nationwide. Filings include default notices, auction sale notices and bank repossessions.

http://neworleanscitybusiness.com/blog/2014/01/16/declining-nola-foreclosure-trend-continues-in-2013/?utm_source=WhatCounts+Publicaster+Edition&utm_medium=email&utm_campaign=Jan+16%2c+2014+pm&utm_content=Declining+NOLA+foreclosure+trend+continues+in+2013

Bloomberg Sees New Orleans Real Estate Rebirth

Bloomberg News cites an influx of Post-Katrina federal money ($120.5 billion), a population recovery (est. 369,000, up from 209,000 after the storm), a growing demographic amongst the 25 to 34 year old populace, and other factors, in a glowing overview of New Orleans real estate. The city has become one of the fastest-growing commercial real estate markets in the United States, though crime and poverty remain perpetual problems.

http://www.bloomberg.com/news/2013-08-27/new-orleans-rolling-in-cash-sees-rebirth-real-estate.html

Finally, Consensus on Airport Plans

State, local and regional government leaders came together to unveil designs for the planned $826 million overhaul of Louis Armstrong International Airport. Mayor Mitch Landrieu and other officials described the endeavor as a transformative project and a key economic development driver for the entire region, the culmination of more than three years of planning by local, state and federal leaders.

The project calls for a new 650,000-square-foot, glass-enclosed terminal complex that will be built on the north side of the current airport property. The terminal will include two new concourses with 30 gates, a $17 million on-site hotel and a parking garage with 2,000 spaces. The plan also calls for an $87 million flyover ramp from Interstate 10 to improve traffic flow. The project is expected to generate about 13,000 new construction jobs and have an economic impact of about $1.7 billion during construction, according to Landrieu.

The new north terminal is slated for completion by May 2018 in time for the city's 300thanniversary, though numerous financial hurdles remain in how to fully finance the project.

http://neworleanscitybusiness.com/index.php?s=airport+overhaul+financing&x=9&y=15

http://www.nola.com/politics/index.ssf/2014/01/design_of_louis_armstrong_airp.html

http://neworleanscitybusiness.com/blog/2014/01/23/bond-advisers-expect-staggered-sale-for-airport-project/

The New Magnolia Marketplace Plan on Claiborne & Washington

A development group led by Covington-based Stirling Properties has closed a $2,054,063 deal for the rest of the land for Magnolia Marketplace, a retail center touted as a major reinvestment opportunity for New Orleans' Central City but also criticized because it will charge shoppers, many of them poor, an extra cent of sales tax. Stirling is building the center with JCH Development.

Transaction records filed with the city show the developers purchased five parcels, paying $900,000 to the Housing Authority of New Orleans; $600,000 to the estate of Al Copeland Jr.; $150,000 to Alvin Sterlyn Lee; $254,063 to the City of New Orleans; and $150,000 to Holy Ghost Church of God in Christ.

Part of the 106,000-square-foot development, which is bounded by South Claiborne and Washington avenues and Clara and Toledano streets, is on land that was formerly part of the C.J. Peete public housing complex. An initial 6,000-square-foot phase of the development is being built at South Claiborne and Fourth Street, anchored by a Capital One Bank that is already open.

Stirling said it will break ground soon on the $24 million center, and the tenants — Ross Dress for Less, T.J.Maxx, Michaels, PetSmart, Shoe Carnival, ULTA Beauty and Raising Cane's — will open in the spring of 2015. A T-Mobile store and an unnamed sandwich chain outlet are slated to open early in 2014.

First NBC Bank of New Orleans has provided financing for the project. The developers contended that the extra penny in sales tax will raise about $2.3 million during the first 15 years to help pay off construction bonds and will cost nearby residents far less than the transportation costs they now have to pay to leave their neighborhood to shop.

http://www.theneworleansadvocate.com/home/7951715-172/developers-close-deal-on-land

1 Aerial View from S. Claiborne Avenue and Toledano Street

New Mid-City Market Opens on North Carrollton

The $40 million Mid-City Market (by Stirling Properties) is now home to 14 stores and restaurants, mostly chain outlets, in the 108,000-square-foot complex. Only two store units remained unoccupied at the July 31 opening. A Winn-Dixie grocery now sits directly across the street from a Rouses Supermarket. Winn Dixie is the anchor in the shopping complex, designed under the company's new upscale-shopping concept.

The site was formerly the home of a Bohn Ford dealership, but it sat vacant and blighted after Hurricane Katrina. Shopping is augmented in the neighborhood by the new Costco store. A newly constructed Lafitte Greenway pedestrian and biking path will stretch behind the shopping center as it cuts through the city.

Other tenants in the complex include: Office Depot, Panera Bread, Verizon Wireless, Jefferson Feed Pet & Garden Center, Felipe's Taqueria, Five Guys Burgers and Fries, Pei Wei Asian Diner, Ochsner Urgent Care Clinic, Pinkberry frozen yogurt, Pizza Hut, GNC and LA Nails Spa. Some residents wonder how the chain stores will fit in with long-standing locally owned businesses nearby, such as the Juicy Lucy's burger joint, Angelo Brocato's dessert and gelato shop or the Doson Noodle House.

http://www.nola.com/business/index.ssf/2013/07/mid-city_market_opening_celebr.html

St. Roch Market in Mid-City Seeks Anchor Tenant; Area Businesses Vie To Operate It

In 2013, the City of New Orleans, through the New Orleans Building Corp., hired Corporate Realty to find a master tenant to operate the 138-year-old market after its $3.7 million renovation, which included community development block grants and about $600,000 from FEMA. It has been closed since Hurricane Katrina.

A newly formed nonprofit group made up of assorted New Orleans area business owners (the St. Roch Community Partners, Inc.) has expressed interest in operating the renovated St. Roch Market, as surrounding residents and neighborhood groups say their plan must satisfy the needs of the community. St. Roch Community Partners seeks to operate the 8,600-square-foot (6,800 SF of leasable space) property as an “affordable public market” where residents of the area would be able to shop daily for an assortment of fresh food. Their operation would include some anchor tenants, but the group also wants to find other proprietors who want to be a regular part of the market, including an expanded market on the outer sidewalks of the building set up like a traditional farmers market.

http://neworleanscitybusiness.com/blog/2013/10/30/city-seeks-master-tenant-for-renewed-st-roch-market/

http://neworleanscitybusiness.com/blog/2013/11/15/local-business-owners-want-to-manage-st-roch-market/

Roy Guste

A Pair of Lower Magazine St. Mixed Use Developments

A long-vacant and dilapidated building at the corner of 1336 Magazine and Melpomene streets in the Lower Garden District is being restored as a small mixed-use development. Developer Ted Swingle, from Baltimore, is working to restore the two-story, 1850s-era building into 1- and 2-bedroom apartments, with 1,200 square feet of ground floor retail or commercial space. Plans include converting part of the building into five apartments ranging in size from 710 to 1,205 square feet with luxury amenities and some off-street parking. The building contains 6,000 square feet and was bought for $200,000, or $33.33/SF in March of 2012. The developer intended to spend approximately $350,000 - $400,000 on renovation costs to restore the building.

http://neworleanscitybusiness.com/blog/2013/10/03/developer-plans-mixed-use-for-lower-garden-district-renovation/

Construction is expected on a three-story, residential-retail traditional design building to be built on a 13,644-square-foot lot on the corner of 2802 Magazine St. and Washington Ave. in the Irish Channel. It will include about 4,500 square feet of ground floor retail space for two tenants, one likely a restaurant. Developer plans include a condo regime for seven 2-bedroom units on the second and third floors, initially rented out as apartments. Six of the seven units will be 1,400 square feet, and a penthouse will be closer to 2,000. The construction budget was not disclosed and the project is estimated to take about 12 to 14 months to complete. Some off-street parking is expected to be included. The land was bought in November of 2011 for $535,000, an equivalent of $39.21/SF.

http://neworleanscitybusiness.com/blog/2013/08/23/retail-residential-building-going-up-on-magazine-street/

Amoco Building on Poydras Street Sells

Orleans Tower, traditionally known as the Amoco Building, at 1340 Poydras St. near the Superdome, sold for $14,500,000 last May to the owners of a Monroe-based manufacturer of baby products. The 21-story building is situated on +/- oneacre and contains 378,895 SF. It sold for an equivalent of $38.26/SF. The building is headquarters for a variety of city and various government agencies that occupy about half of it. Approximately 150,000 SF of office space is available for lease. It is being modernized, with new elevators being installed.

In December, the City of New Orleans renewed its leases, a watched decision because Mayor Landrieu had been considering consolidating city offices into Charity Hospital after a potential renovation. Lease terms were not disclosed. Investor Joseph Hakim felt that it had not been marketed well in the past, and the purchase price was not based on estimated renovation costs.

http://neworleanscitybusiness.com/blog/2013/12/13/city-plans-to-renew-lease-at-amoco-building/

http://neworleanscitybusiness.com/blog/2013/05/20/amoco-building-sale-forces-citys-hand-on-annex-plans/

Also on Poydras…

The Energy Centre office building at 1100 Poydras was reportedly under consideration to be sold to a California-based investor, with silent local participation. The Class A building is 39 stories and contains 761,500 SF. It was acquired for $68.5 million in 2003. It was 90% occupied as of last June, with a high quoted rental rate of $17.50/SF. The prospective purchaser, Judah Hertz, owns four other prominent office buildings in the area (three on Poydras St.) that total nearly 2 million square feet of office space.

http://neworleanscitybusiness.com/blog/2013/08/19/hertz-local-partners-have-contract-to-buy-energy-centre/

Commercial real estate agents expect the office market in Orleans and Jefferson parishes to strengthen in 2014.

http://neworleanscitybusiness.com/blog/2014/01/08/office-forecast-calls-for-continued-high-rent-occupancy/

And a **vacant parcel of land** fronting Poydras St., Loyola Ave., and S. Rampart St. containing **0.55 of an acre** (approximately 1/3 of the city block) was purchased by the Arlene & Joseph Meraux Charitable Foundation, which is a 501(c)(3) non-profit, having roots in St. Bernard Parish. It was bought last August for $3,450,000, an equivalent of $143.52/SF. The parcel was under a ground lease (parking) and a billboard(s) lease when purchased, and these leases were assumed by the foundation. The ground lease was understood to expire in 2018. The foundation is uncertain as to its specific long-term use of the property. The foundation owns other parcels in the same block, some improved, so this purchase is considered assemblage. A link to The Meraux Foundation is below.

http://merauxfoundation.org/

NOLA Hotels See Room Rate Spike

The average hotel daily rate went up from $129.57 in 2012 to $155.70 in November of 2013, an increase of 20%. That increase helped boost revenue rates per room (RevPar) from $84.40 to $106.44. Occupancy increased 3%. New Orleans ranked 19th among the top 25 tourism markets in occupancy in the U.S.

http://neworleanscitybusiness.com/index.php?s=nola+region+hotels+&date_start=&date_end=&sort=rel

Hotel Buying Spree Continues

The prior edition of our newsletter had a MA Spotlight on the surge of new investment and hotel sales in the city. Over the latter half of 2013, more notable sales transpired, some in record-breaking amounts on a Price Per Room ("Per Key") unit basis. The transactions have been characterized by corporate asset management shifts and strategic acquisitions, many by out-of-state investors, companies, and real estate investment trusts (REITs). Several include proposed renovations, and some sales include debt assumptions. Noteworthy transfers announced or occurring in the latter half of 2013 are summarized below.

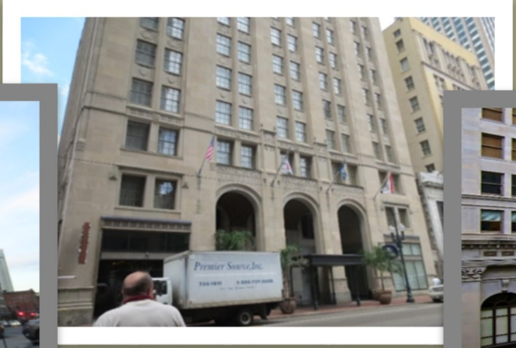
Hotel	Purchase Price	# Rooms	(Price "Per Key")
Lowes Hotel	$74.5 MM	285	$261,403
Hilton New Orleans	$59.35 MM	250	$237,400
Royal Sonesta, Fr. Qtr.	$120.5 MM	518	$232,625
Hilton Garden Inn	$26.3 MM	155	$169,677
Astor Crowne Plaza	$116 MM	697	$166,427
Hotel Royal Fr. Qtr.	$6.75 MM	43	156,977
Cotton Exchange	$17.8 MM	217	$138,305
Queen & Crescent	$20.8 MM	196	$106,122
Ambassador	$15.85 MM	165	$96,081
Royal St. Charles	$10.1 MM	143	$70,629

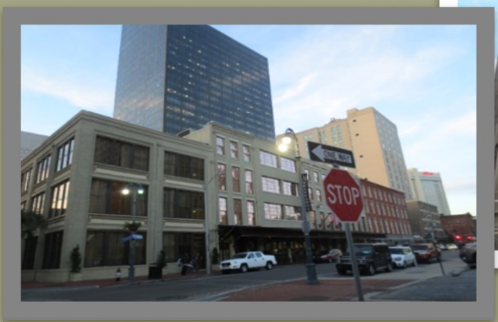
Note: Many actual sales prices of hotels may not be what have been recorded with the Orleans Parish Clerk of Court or as reported in press releases. We have confirmed many sales prices with parties privy to the transactions, but we do not represent that all the above sales prices are the actual purchase prices. We have used recorded, press release, or industry source sales prices, if we have not yet confirmed them with a party to the transaction. Typically, the actual purchase prices can be more than may have been what is recorded at the Clerk of Court or indicated in the press. The Royal St. Charles, for example, is rumored to have sold for substantially higher than $70,629 Per Key.

Also, a new $120 MM hotel project has been proposed for the foot of Canal St., the 400 block. Plans are for a 21-story, 373-room Marriott brand hotel, a ground-level restaurant, and a 168-space parking garage. Before moving forward, it requires city approvals to demolish four existing buildings and a waiver for 21 stories. The development is intended to be privately financed without publicly funded incentives or tax credits. Local property owner Kishore "Mike" Motwani is teaming up with a Minnesota developer on it.
http://www.nola.com/business/index.ssf/2014/02/developers_propose_120_million.html

For an electronic copy of our prior newsletter with an MA Spotlight on Hotels, email Elena Scott at elenas@murphyappraisal.com.

The Hilton New Orleans





The Ambassador Hotel

The Cotton Exchange Hotel

Two Prominent Mid-City Apartment Sales

The Esplanade at City Park apartment complex, overlooking Bayou St. John, sold for $53.5 MM to a Florida-based real estate investment firm. It contains 441 units and the Price Per Unit was $121,315. The sale included a $43.5 MM interest-only loan at 4.75% interest for 5 years. Rents range approximately from $980 for a studio to $2,550 for a 3 BR/2 BA apartment.

http://www.nola.com/business/index.ssf/2013/12/the_esplanade_at_city_park_apa.html

The Esplanade at City Park

Once a manufacturing and warehouse facility vacant for 14 years and converted to apartment lofts and retail shops in 2001, the American Can complex at 3700 Orleans Ave. sold for a Clerk of Court-recorded $30.08 MM, by an entity of HRI Properties of New Orleans, to an Atlanta-based real estate investment and management firm. The complex contains 335,000 SF and 268 loft-style apartments. Some terms of the purchase were confidential, and we do not believe the recorded sales price is the actual sales price, The property and sale may have included retail shop space. Rents range from approximately $1,050 for a 1 BR/1 BA apartment to $2,150 for a 3 BR/2BA unit.

http://neworleanscitybusiness.com/blog/2013/10/25/hri-atlanta-firm-close-american-can-building-sale/

American Can, 3700 Orleans Avenue

A Murphy Appraisal Spotlight

Downtown New Orleans as a Residential Magnet

The real estate community has numerous explanations for it. They include the overall improving health of the city's real estate market, the bullish long-term outlook for the multi-family market in all of New Orleans, a less expensive alternative to rising prices of upscale single-family homes Uptown and in other neighborhoods, and an increasing 25- to 34-year-old population demographic seeking to live as well as work downtown.

Regardless of the reasons, it is apparent downtown New Orleans is experiencing a residential boom in new multi-family development. Notably, much of the new development is taking the form of the conversion or rehabilitation of numerous, vacant former office and retail buildings, some historic, and many of which have been shuttered since Hurricane Katrina, or even before. The sales and rehabilitation plans can include adjunct or nearby property bought as assemblage to satisfy parking requirements. The majority of the plans include mixed uses, namely ground floor retail and/or offices, though the primary redevelopment driving force for most of the properties are new apartments. Federal and state historic tax credits are a key to financing many of the projects.

South Market District, As Proposed

The trend augments the pioneering multi-family residential development that occurred downtown in the Warehouse District after the World's Fair in 1984. Established residential development in the Warehouse District is being embellished by the planned South Market District, also on the Uptown side of Poydras St., near the new Rouses Supermarket on Baronne St., and the new Loyola Ave. streetcar line. The Domain Companies, a national firm having a pair of Tulane graduates as principals, secured financing in June of 2013 for a massive $200 million residential and commercial project, the first part of which is the Paramount, a five-story, residential-retail building with a total development cost of $48.4 million. A second $20 million retail and garage complex broke ground in the fall. The South Market District is expected to include 600 new apartment units and 170,000 square feet of retail space, in addition to a hotel. South Market just signed its first anchor retail tenants: the Cleveland-based furniture store Arhaus, CVS Pharmacy, and the local pet groomer Fetch. Real estate professionals say they may come to refer to the Warehouse District and the South Market District as one neighborhood.

Other new developments are planned for the Warehouse District. The locally based Downtown Development Group has proposed a 10-story luxury apartment building at 1035 Tchoupitoulas St. that is estimated to cost between $14 MM and $18 MM. The building is called Granaio, Italian for "loft". The first and second floors would host a restaurant and lounge. The third through eighth floors would offer apartments going for $3,000 per month for a one-bedroom and up to $8,000 per month for a two-bedroom, likely the most expensive apartments in the city.

The Tracage, As Proposed

Proposed new development has not come without some controversy and neighborhood opposition. The 16-story Tracage apartment complex is now set to be built at 1100 Annunciation Street and the Pontchartrain Expressway, over some objections about the architecture, claimed to be inconsistent with the Warehouse District. It was originally planned for 40 stories. The land was bought for $1.4 MM. It is estimated to cost $55 MM, and the developers incurred an unexpected $5 MM in assorted legal, re-architectural plans, and public relations/marketing costs. It is planned for approximately 140 new units.

Also in the Warehouse District, the former American Coffee Co. building at 450 Julia St. at the corner of Magazine St. is being renovated into an expensive apartment rental property, the developer hoping to lure residents willing to pay $6,000 per month for 9 two-story units. It was bought for $1.8 million from Reilly Foods Co. and is close to being finished, with $11 MM in historical renovations, fueled by federal and state historic tax credits. The ground level is Donald Link's Peche Seafood Grill. The planned luxury units are for more than 1,900 SF, among the largest in the city. The building was originally utilized by an undertaker prior to the Civil War, and former President of the Confederate States Jefferson Davis was reportedly embalmed there in 1889.

An 1884 photo of the American Coffee Building, 450 Julia Street

Within the Central Business District, perhaps the most ambitious planned project is a 28-story office building at 225 Baronne St. on the corner of Gravier St. It contains 421,656 SF. Boarded up since before Katrina, it is asbestos laden, for which the developer, HRI Properties of New Orleans, will incur almost $3.5 MM in environmental remediation costs alone. The adjunct building at 919 Gravier St. was bought to be demolished for parking (site size 8,628 SF). Property plans include 192 apartments, a 188-room hotel, and a 350+ vehicle parking garage. Estimated cost: $100 MM.

There are also newly planned projects fringing the Central Business District, such as a pair on Canal St. closer to I-10, those being the former Texaco Building at 1501 Canal (112 planned units), and the former Odeco / UNO Technology Center building at 1600 Canal (though the plans for 1600 Canal may instead be for a hotel). And the Triangle Building, up at 833 Howard Ave. near Lee Circle, was just purchased for rehabilitation as multi-family development (18 planned units).

Our research indicates that the number of new apartment units coming to market downtown over the next few years will well exceed 2,000 (the plans of many projects have not been finalized, particularly with regards to the number of new apartment units).

The large majority of the proposed multi-family units are for apartments, though Realtors say the demand for condominiums far exceeds the supply available downtown. Lending institutions have been more willing to finance apartment projects, due to immediate return on investment coupled with the higher profitability created through implementation of federal and state historic tax credit programs which stipulate that a project must be put into the rental pool for at least five years, rather than being sold off as individual condominiums. Many developers inevitably commenced apartment plans with the intent to sell them off as condos at a later date.

Occupancy rates for apartments have been very strong the past several years, in the low- to mid-90s percentile. People working in the new medical corridor have provided a significant amount of the demand. In 2011, the CBD added 255 apartments when the 100-unit Maritime at 800 Common St. and the 155-unit Saratoga at 212 Loyola Ave. opened. In 2012, the Hibernia Building, an HRI Property at 313 Carondelet St., added another 175 units to the market. All were said to be near or at capacity upon opening.

Rents for downtown apartments are lower than those in similar neighborhoods in other cities across the country. In the CBD and nearby areas, on average, apartments are renting for $1.50 to $2.25 range (per SF, per Mo.), versus $3/SF downtown in other urban centers. Our files indicate that new luxury apartment and condominium product downtown is renting in the $3/SF range. According to Larry G. Schedler & Associates' *Greater New Orleans Multi-Family Report* (first link below), a typical 851-square-foot one-bedroom good quality downtown apartment, with amenities, rents for $1,329 on average. Investors, developers, and real estate brokers are planning on more professionals with top salaries moving into the city, particularly in the digital media, film, professional sports and biomedical industries.

It remains to be seen what the coming new supply does to the rental market downtown, particularly in the short run. Competition for new tenants and for those with expiring leases is likely. Many tenants may prefer the newer developments with enhanced amenities over the established ones, or seek to relocate from say, the Warehouse District, to the CBD. As the new supply is absorbed into the market, rents may be stable more than rising, or stagnate some. Lease-up periods may inevitably extend. But over the long haul, the outlook is bullish for multi-family residential development in downtown New Orleans.

Supplemental reference links

http://www.larryschedler.com/GrNOMFR/GNO-MFR_Fall2013_PUBLISH02.pdf
http://www.larryschedler.com/Feat_Artic/2013-08_Developers-see-apartment-potential-in-CBD-office-space.html
http://neworleanscitybusiness.com/blog/2014/01/29/condo-projects-scarce-despite-high-demand/
http://neworleanscitybusiness.com/blog/2013/12/06/hri-lines-up-financing-for-100m-baronne-project/
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http://www.nola.com/business/index.ssf/2013/07/warehouse_district_historical.html

Office Acquisition for J.P. Fire Department

A former Class A State Farm office building containing 23,331 SF area located at 834 S. Clearview Parkway (Elmwood) was bought by the East Bank Consolidated Special Service Fire Protection District of Jefferson Parish, which paid $3.6 MM for the property. The site contains 2.01 acres. It is a 2-story, contemporary, concrete/steel frame with brick and extended plate glass exterior construction on slab foundation. There is an additional 16,187 SF of first and second floor garage area (13,557 SF, behind 3 overhead doors), elevator shaft, and stairwell area, some of which is external. The original listing price was $4.6 MM.

Lakeway Center Sold

Lakeway Center, the three-building office complex on Lake Pontchartrain in Metairie, has sold. The center was purchased for an undisclosed price, through a $100 MM loan for a 10-year term secured from Capital One. The Class A office complex includes a 34-story building, 1.22 million square feet of office space, three separate garages, and a separately owned hotel. It was built in 1987. Equity Office Properties had owned the complex since 2007. It was sold to the Feil Organization, which owns Lakeside Shopping Center, the vacant East Lake Shopping Center tract in eastern New Orleans, the IP North complex in Covington, and apartment and office buildings in the area. More than 90 percent of the space in Lakeway Center is leased, including tenants such as People's Health Network, the U.S. Drug Enforcement Administration, Fresenius Medical Care and EDG engineering consultants. Smoothie King recently announced plans to relocate its headquarters from Covington to Lakeway.

http://www.nola.com/business/index.ssf/2013/06/lakeway_center_in_metairie_sol.html

Multi-Tenant Office Sale in Elmwood

Four combined multi-tenant office buildings known as the Elmwood Oaks Office Park on the corner of Evans Road and Toler St., on the river side of Jefferson Highway, sold for effectively $5.65MM. This is an equivalent of $81.67/SF for 69,264 of total building area. They are contemporary, similar, single-story, concrete-and-steel-framed buildings on slab foundations. The site contains 6.64 acres. The buildings are configured into approximately 28 suites of varying sizes, ranging from +/- 500 SF to 10,000 SF. Rents were said to average $16 - $18 per SF on a gross basis. Vacancy was said to be +/- 12% of building area at time of sale. The buildings were purchased as investment and were never listed for sale.
Elmwood has also been experiencing an increase in demand and sale activity for office warehouse and industrial property, which many attribute in part to the widening of the Huey P. Long Bridge.

http://neworleanscitybusiness.com/blog/2013/12/27/early-huey-p-completion-tops-year-in-jefferson-development/

East Jeff Medical Development along Houma Blvd.

Several vacant parcels that were once part of the site for the Jeffersonian Apartments have been sold for new medical office building development. 1.48 acres at the corner of Manhattan and Hudson streets sold for $1.2 MM, or an equivalent of $18.61/SF. And a parcel on Houma Blvd. of 32,233 SF was sold for an equivalent of $24.63/SF, as was another parcel close by on Houma, 36,212 SF, for an equivalent of $18.00/SF.

The corridor on Houma Blvd. between Veterans Blvd. and East Jefferson General Hospital is undergoing various new medical office building-related developments. A new 34,000-square-foot medical office building will house the new corporate offices for Louisiana Pain Specialists.

http://neworleanscitybusiness.com/blog/2014/01/17/new-blood-flows-into-east-jeff-medical-corridor/

Rault Center Office Building in Kenner Sold

Kingfish Development II closed on the purchase of the Rault Center office building at 2400 Veterans Blvd. from Metairie West LLC. Terms of the deal were not disclosed. Built in 1982, the Rault Center, formerly known as the Xerox Building, is the only class A office tower in Kenner. It contains 133,000 SF. The buyer also owns the former Chevron Place office tower at 935 Gravier St., now known as the Exchange Centre. The purchaser plans to put "a couple million dollars" into the building to renovate all common areas and upgrade the available 25,000 square feet of space in the building. He also plans to upgrade occupied spaces later in the year. Tenants in the building include Wells Fargo, State Farm, Coface Collections and assorted CPAs.

http://neworleanscitybusiness.com/blog/2014/01/24/kenner-office-tower-changes-hands/

Agreement In Principle Reached for Tolmas Tract on Vets

The Tolmas Tract is the largest undeveloped section of land along Veterans Blvd. in Metairie. It is east of Causeway Blvd., and has been the subject of many disputes. Multiple sets of landowners and nearby homeowners have clashed in a classic dispute pitting commercial and residential interests for as long as 50 years. But now the tract's owners, Morning Park LLC, and representatives of the Whitney-Cecile Homeowners' Association say they have negotiated an agreement calling for construction of 5 single-family houses along Labarre Road and 22nd Street, with commercial development behind the houses. Jefferson Parish would rezone the property from residential to general commercial, but with restrictions such as no entertainment venues like bowling alleys, skating and performance stages, and gasoline stations, car washes, or mini-storage centers. Barrooms, nightclubs and lounges would also be banned unless they are part of a permitted restaurant. Much work remains for the deal to move forward, including splitting off five lots for houses, rezoning the commercial section, appraisals and negotiations.

http://www.nola.com/business/index.ssf/2014/02/decades-old_conflict_over_tolm.html#incart_river_default

Retirement Center in Kenner Changes Hands

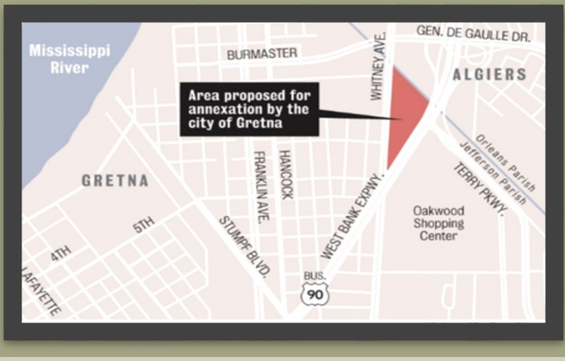
Nouveau Marc, a 113-unit independent senior living facility in Kenner, sold for $26.8 million. The purchase was part of a $491 million acquisition of 25 facilities in 12 states from Oregon-based Holiday Retirement by National Health Investors Inc., a Murfreesboro, Tenn., health care real estate investment trust (REIT). The purchase price is an equivalent of $237,168 per unit. The seller, Holiday Retirement, owns two other independent living facilities in Louisiana Whealdon Estates in Baton Rouge and Summerfield Estates in Shreveport, which were not part of the NHI acquisition. According to the release announcing the acquisition, NHI affirmed that affiliates of Holiday Retirement will continue to operate Nouveau Marc in Kenner, pursuant to a 17-year master lease. Holiday Retirement operates 300 retirement centers throughout the United States and Canada.

http://neworleanscitybusiness.com/blog/2014/01/07/kenner-senior-living-center-sells-for-26-8m/

Despite Opposition, 11 Acres in Gretna Annexed For New Hotel

The Gretna City Council voted to annex a triangular shaped 11.34 acre tract of land in Terrytown, despite some last minute opposition by Terrytown residents. The annexation clears the way for the developer, BN Management of Harvey, to build a $50 million hotel complex on the long-vacant and cleared lot, bordered by the West Bank Expressway, Whitney Avenue and the Donner Canal. It fronts 674' on a frontage road for the WBE. The developer had the site under contract for $3.5 MM, or an equivalent of $7.09/SF. There have reportedly been 20 previous plans to develop the property. Parish officials said the annexation makes sense because Jefferson does not provide sewerage service to that part of Terrytown, which would have cost $3 MM.

http://www.nola.com/politics/index.ssf/2014/01/gretna_jefferson_parish_approv.html



Senate Votes To Push Back Flood Insurance Hikes Resulting From Biggert-Watters

The U.S. Senate has passed a new bill to delay premium hikes for four years on hundreds of thousands of homeowners who buy flood insurance from the federal government. The 67-32 vote reflected widespread concern about changes enacted two years ago to shore up the program's finances in the original Biggert-Watters Act. The changes were producing sky-high insurance rates that are unaffordable for many homeowners in flood-prone areas whose insurance has historically been subsidized by the government and other policyholders. The original act was muscled through the Senate after angry constituents, the real estate and home builder lobbies inundated lawmakers with complaints. In the real estate community, new FEMA maps that were part of implementation of the original act were eagerly awaited, though the resultant rate hikes on many properties were obviously not.

http://www.nola.com/politics/index.ssf/2014/02/post_549.html

La. Flood Insurance Rates Rose

Louisiana had the third most premiums through the National Flood Insurance Program as of 8/31/13, with more than 483,000 policyholders having paid $362.5 million into the program. The total that would be paid out in a worst-case scenario would be $113.6 billion. FEMA provided the following breakdown of average annual rates by parish and municipality:

Orleans: 88,315 policies at an average of $935.43, up from $928.92, average in August and from $880.96 a year ago;

Plaquemines: 5,843 policies at an average of $837.19, up from $827.09 a month earlier and $788.67 in 2012;

Jefferson (unincorporated areas only): 95,403 at an average of $804.25, more than the month-ago figure of $803.14 and $776.77 a year earlier;

St. Bernard: 11,884 policies for an average policy of $649.33, more than the $644.05 average in August and $609.51 a year earlier;

Kenner: 15,923 policies at an average of $939.37, up from the $936.66 average in August and the $933.39 average in 2012;

Gretna: 3,565 policies at an average of $927.94, up from the August average of $928.93 and the $876.30 figure a year ago;

Westwego: 1,429 policies at an average of $693.86, more than the $690.65 in August and up from $637.51 a year earlier;

Harahan: 2,587 policies at an average of $618.91, up from the $612.52 August average and up from $585.06 in 2012.

http://neworleanscitybusiness.com/blog/2013/11/22/flood-rates-rise-as-congress-considers-flood-fix/

Rick Murphy

Murphy Appraisal Services, LLC, is a comprehensive and full-service real estate appraisal and consulting firm with extensive experience throughout Louisiana and Mississippi. While based and focused in the Greater New Orleans Metropolitan Area, we historically have covered the length of the Interstate 10 and Interstate 12 corridors from Lafayette to Baton Rouge through New Orleans and the Florida Parishes and into the Mississippi Gulf Coast from Waveland to Pascagoula.

For 25 years, we have provided high-quality commercial and residential real estate appraisal services for a wide-ranging client base including both national and locally based institutional lenders, private individuals, estate planning professionals, attorneys, and real estate development companies. We perform literally thousands of appraisals annually. In fact, we are the largest appraisal firm in the state of Louisiana.

Founder Rick Murphy, who has 25 years of experience in real estate appraisal, brokerage, and development in South Louisiana, leads a staff of 30 individuals which includes four state certified general appraisers, eight state certified residential appraisers, and six appraisal trainees. This includes general and residential appraiser licenses in both Louisiana and Mississippi. In addition, this staff includes professionals in real estate sales and brokerage, administration, research and support.

For information and assistance, please call us at any of our office locations toll free at 1-877-410-4991, or visit our **updated website** at: **www.murphyappraisal.com**

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