

A BRIEF OVERVIEW OF THE BATON ROUGE APARTMENT MARKET
MARCH 2003

Presented By
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I. Introduction

A synopsis of new multifamily residential construction projects will be presented, followed by graphs illustrating the recent trends in apartment rentals (as reported by the LSU Real Estate Research Institute) and vacancies (as reported by the LSU RERI and the Baton Rouge Apartment Association). The data suggests that the substantial incoming supply of apartment units in 1995-01 (3,993± units) temporarily generated a moderate downward impact on apartment rentals (rentals continued upward, though the rate of increase slowed from pre-1995 levels) and vacancies (citywide vacancies by the beginning of 1998 reached 8.5%, up from the 4% and 5% levels experienced in the early 1990's). For most of 1999 and 2000, this temporary oversupply appears to have been absorbed, with vacancies citywide returning to around 6% until late 2000. The 2001 and early 2002 data noted moderate softening while absorption of several new units was underway, with vacancies rising slightly (peaking at 7.4% citywide in April 2001) and rental increases remaining nominal. The Fall 2002 data suggests that most of the new units have been absorbed, with citywide vacancies returning to 5.5%± in October 2002. The completion of an additional 1,738± units in 2002-03 (most are currently under construction), 617± units 'officially' planned and announced for 2004, and 168± units "on the drawing board" could hold rental increases for certain sectors in check over the next 3± years and produce a short-term increase in vacancies. The January 2003 citywide vacancy was 6.9%.

II. New Apartment Construction

Baton Rouge experienced a small "boom" in apartment construction from 1995 to 2001. During this period, 22 new apartment complexes containing a total of 3,993± units were built in Baton Rouge. An additional 432± units were built in 2002 and 1,306± units are under construction and will be completed in 2003. It remains notable that very few of the new complexes are offering standard, mid-grade apartment units (i.e., virtually all are orient toward "niche" markets). A substantial portion of the new supply has been oriented toward upscale tenants (7 non-student upscale apartment communities totaling 1,899± units have been built, with 995± more units under construction). These facilities are offering amenity and security packages competitive with and/or superior to anything available in the local market. Most of the new units built in 1999 were upscale apartments oriented toward more affluent LSU students. Most of those to be built in 2003 will be more conventional upscale/luxury units.

Financial feasibility of the new construction in 1995-97 was supplemented in many cases by governmental incentives (tax credits). Roughly half of the units built in 1995-97 (and virtually all of those re-activated) were subsidized by Federal Low Income Housing Tax Credits (LIHTC), which place income-based limitations on the tenant base and the allowable rentals. In the LIHTC projects, allowable rentals are set by federal agencies and are a function of median household income and expected utility costs for typical households in the Parish. As many residents in the City's older apartment complexes have household incomes sufficiently low to qualify for occupancy in the newer tax-credit assisted properties, a certain amount of

"horizontal" movement (i.e., tenant loss in the older properties) has occurred. The influx of new LIHTC units, however, has slowed notably over the past 2± years (for a variety of reasons).

The new apartment complexes in Baton Rouge are identified on the following exhibits:

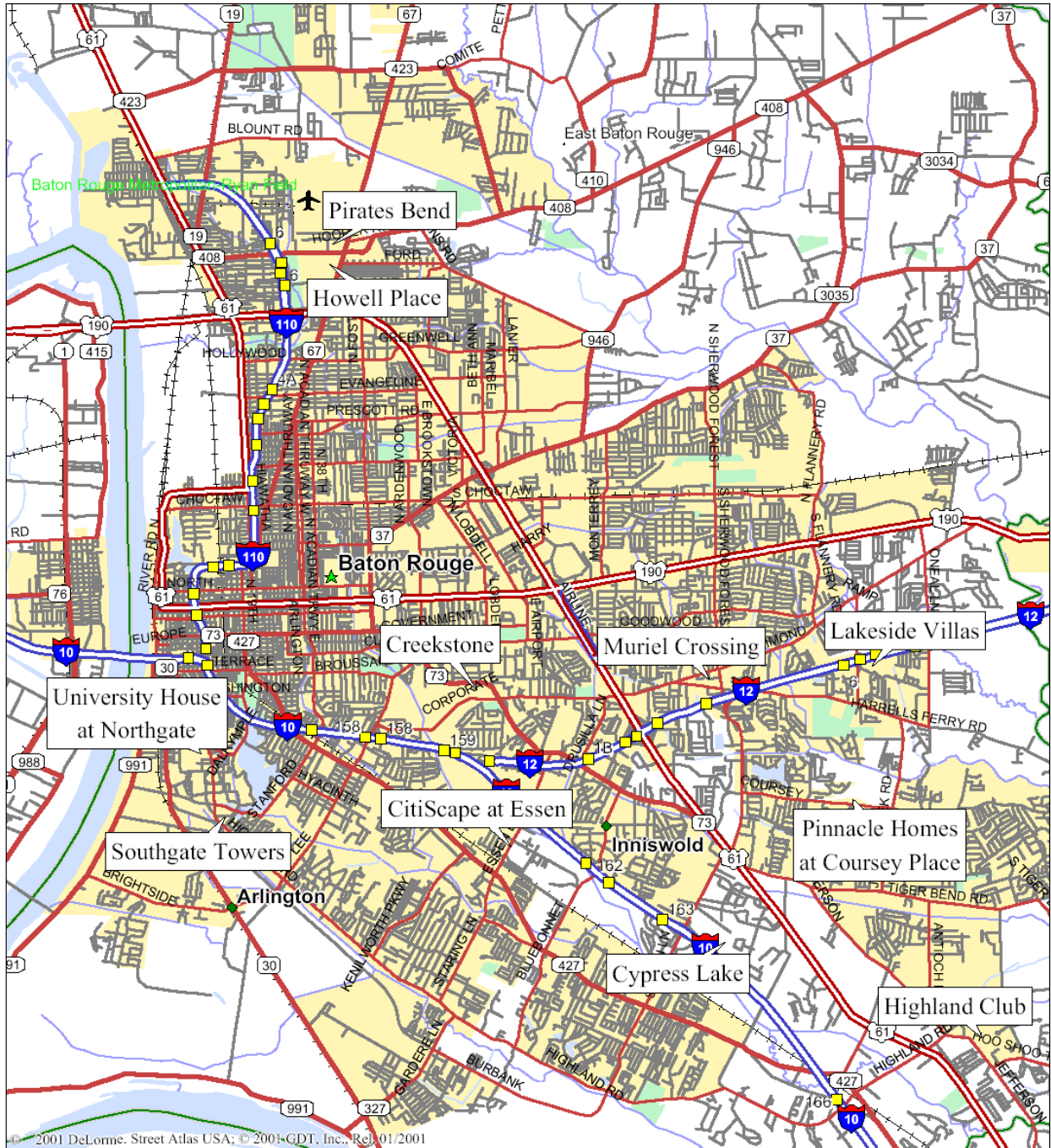
Apartment Complexes Completed in 2002 or Under Construction for 2003 in Baton Rouge, Louisiana			
Project Name, Developer & Location	# of Units	Actual/Expected Completion Date	Comments
Cypress Lake Apts (Bryan Company of Jackson, MS) Reiger Road off Siegen Lane	314	Late 2002 (1 st phase)	Upscale/Luxury units Construction Completed 1/02 - in Lease-Up 2 nd Phase of 200± additional units also planned
Pinnacle Homes at Coursey Place (Colonial Properties, Montgomery, AL) Coursey at Hickory Ridge	352	Spring 2003	Upscale/Luxury units (HUD 221d4) Site acquired 1/02; No site plan approval yet Construction started mid-2002
Lakeside Villas (Gros Construction of Houston, TX) Millerville Road near Wedgewood S/D	224	Summer 2003 (1 st Phase)	Upscale/Luxury Units Rezoning granted; Site plan approved 1/01 Construction started late 2002
CitiScape at Essen (Danny Brown, Baton Rouge) Essen between Summa & Mancuso	216	Summer 2003	Upscale/Luxury units (HUD 221d4) Site acquired; Site plan approval in place Construction started late 2002
Muriel Crossing (Sidney Coxe, Jr) Muriel Drive off South Sherwood Forest	116	Spring 2003	Mid-Scale Conventional Units Construction started late 2002
Highland Club (Ed Kramer, Baton Rouge, LA) Old Jefferson near Highland Rd	203	Summer 2003	Upscale/Luxury units (HUD 221d4) Construction started late 2003
University House at Northgate (First Worthing, Dallas, TX) 252 W. State Street at Highland Rd	193	Early 2004	Upscale/Luxury Student-Oriented units Construction underway
Howell Place Apartments (Barron Builders of The Woodlands, TX) 72 nd Avenue off Plank Road	48	Mid 2002 (1 st Phase of 96± unit facility)	Affordable Housing (tax credit) units
Pirates Bend Apartments (Barron Builders of The Woodlands, TX) Plank Road north of Harding	72	Late 2002	Affordable Housing (tax credit) units
Total (for 2002-04)	1,738		

**New Apartment Complexes Planned for 2003-2004
With Site Acquired & Site Plan Approval Secured, but Not Yet Under Construction
in Baton Rouge, Louisiana**

Project Name, Developer & Location	# of Units	Expected Completion Date	Comments
Creekstone (Steve Keller, Houston, TX) Corporate Blvd near Jefferson Hwy	300	2004	Upscale/Luxury units Site plan approval has been requested Construction may start by mid-2003
Southgate Towers (Phase I) (R.W. Day & Associates, Baton Rouge) Nicholson Drive south of LSU	317	2004	High-rise, Upscale/Luxury Student-Oriented Units Planned start date - mid-2003 2 additional phases planned
Total (through 2004)	617		

Not included in these lists are several additional properties (all in the planning and/or financing stages) for which the site has not been purchased, site plan approval has not been granted and/or plans have not been publicly announced. As construction of new units cannot occur without site plan approval and the process of acquiring such approval is highly political and speculative (as can be the site acquisition process), inclusion of these properties in a traditional 'pipeline' analysis would be inappropriate.

MAP OF NEW/PROPOSED APARTMENT COMPLEXES



**Apartment Complexes Completed in 2001
Baton Rouge, Louisiana**

Project Name, Developer & Location	# of Units	Completion Date	Comments
Pelican Bay Apts - Phase III (Barron Builders of The Woodlands, TX) 2121 Lobdell Avenue	48	Completed October 2001 (3 rd phase of 152-unit facility)	Affordable Housing (tax credit) units Fully Leased by Time of Completion
Springbrook Apts (Summers Investments) George O'Neal near Jones Creek	200	Completed Spring 2001	Upscale/Luxury units Leased to 80%+ occupancy by Fall 2001
Turnberry Place Apts (Belcher Properties) Linkwood Court off Bluebonnet Blvd	272	December 2001	Upscale/Luxury Units Currently in Lease-Up Phase
Total	520		

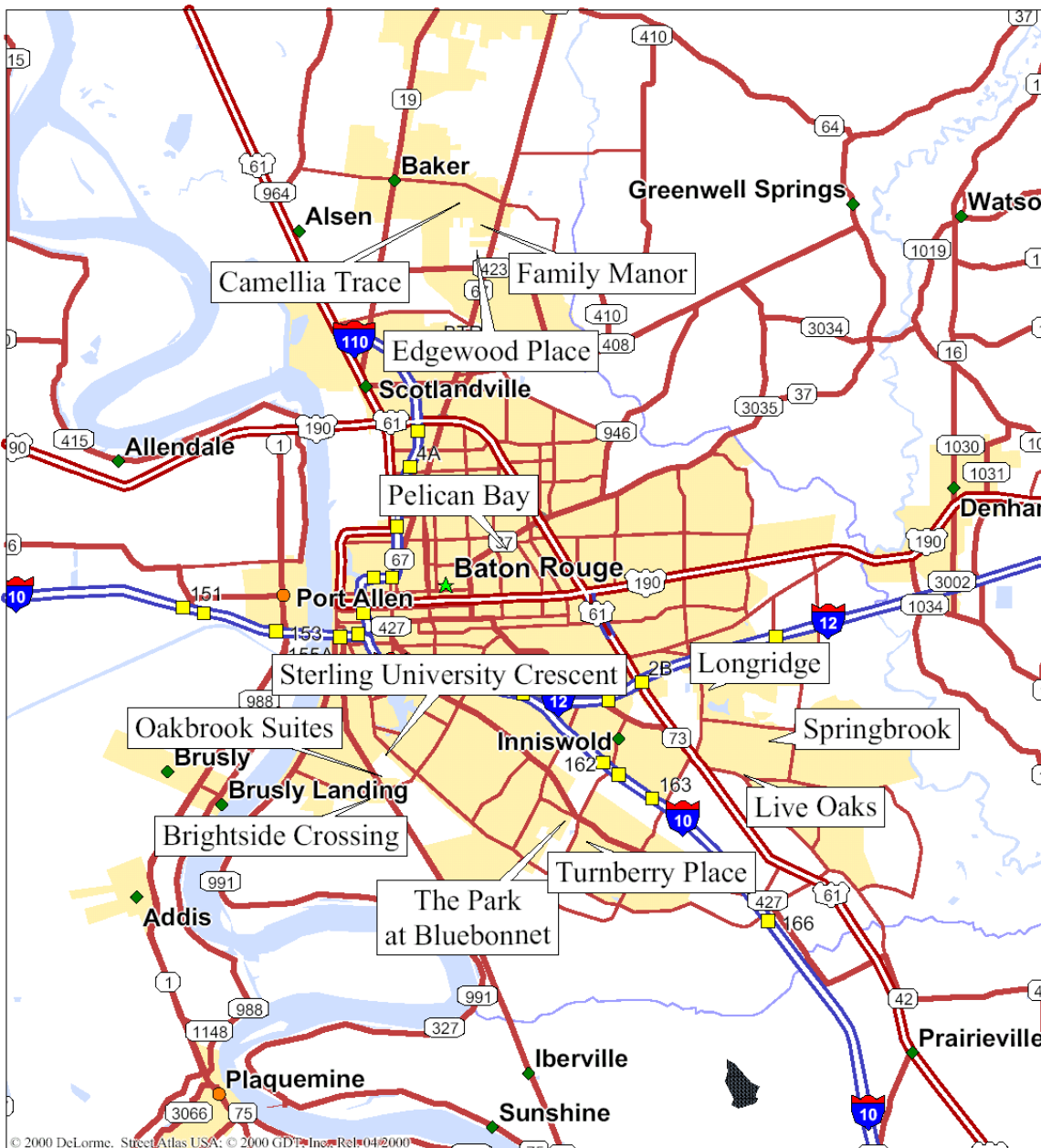
**Apartment Complexes Completed in 2000
Baton Rouge, Louisiana**

Project Name, Developer & Location	# of Units	Completion Date	Comments
Longridge Apts (Bratten of Houston, TX) Longridge off S. Sherwood Forest	144	Completed October 2000	Upscale/Luxury units
Pelican Bay Apts (Barron Builders of The Woodlands, TX) 2121 Lobdell Avenue	104	Completed Late 2000 (Phases I & II)	Affordable Housing (tax credit) units Fully leased prior to completion
The Live Oak Apartments (Gros Construction of Houston, TX) Old Jefferson @ Stumberg Lane	184	Completed October 2000 1 st Units available July 2000	Upscale/Luxury units
Family Manor Apartments Plank Road near Blount Road	40	Completed Early 2000	Affordable Housing (tax credit) units
Total	472		

**Apartment Complexes Completed in 1999
Baton Rouge, Louisiana**

Project Name, Developer & Location	# of Units	Completion Date	Comments
Brightside Crossing (JPI of Dallas, TX) Brightside Lane @ Nicholson Dr	252	Completed August 1999	Upscale student units (774 bedrooms)
The Park on Bluebonnet 8008 Bluebonnet Blvd	80	1st Phase - Completed Late 1996 2nd Phase - Completed Summer 1999	Upscale/Luxury units - 1st Phase (272 units) 2nd Phase (80 units)
Camelia Trace Apts (Standard Enterprises & Risdon Wood Groom Road in Baker	88	Completed in July 1999	Affordable Housing (tax credit) units
Edgewood Place Plank Road @ Blount Road	72	Completed in Summer 1999	Affordable Housing (Tax Credit) Units
Oakbrook Suites (R.W. Day & Associates) 5055 Nicholson Drive	90	Completed Early 1999	Upscale student units (252 bedrooms)
Sterling University Crescent (Dinerstein of Houston, TX) Burbank Dr, South of Jennifer Jean	192	Completed August 1999	Upscale student units (612 bedrooms)
Total	774		

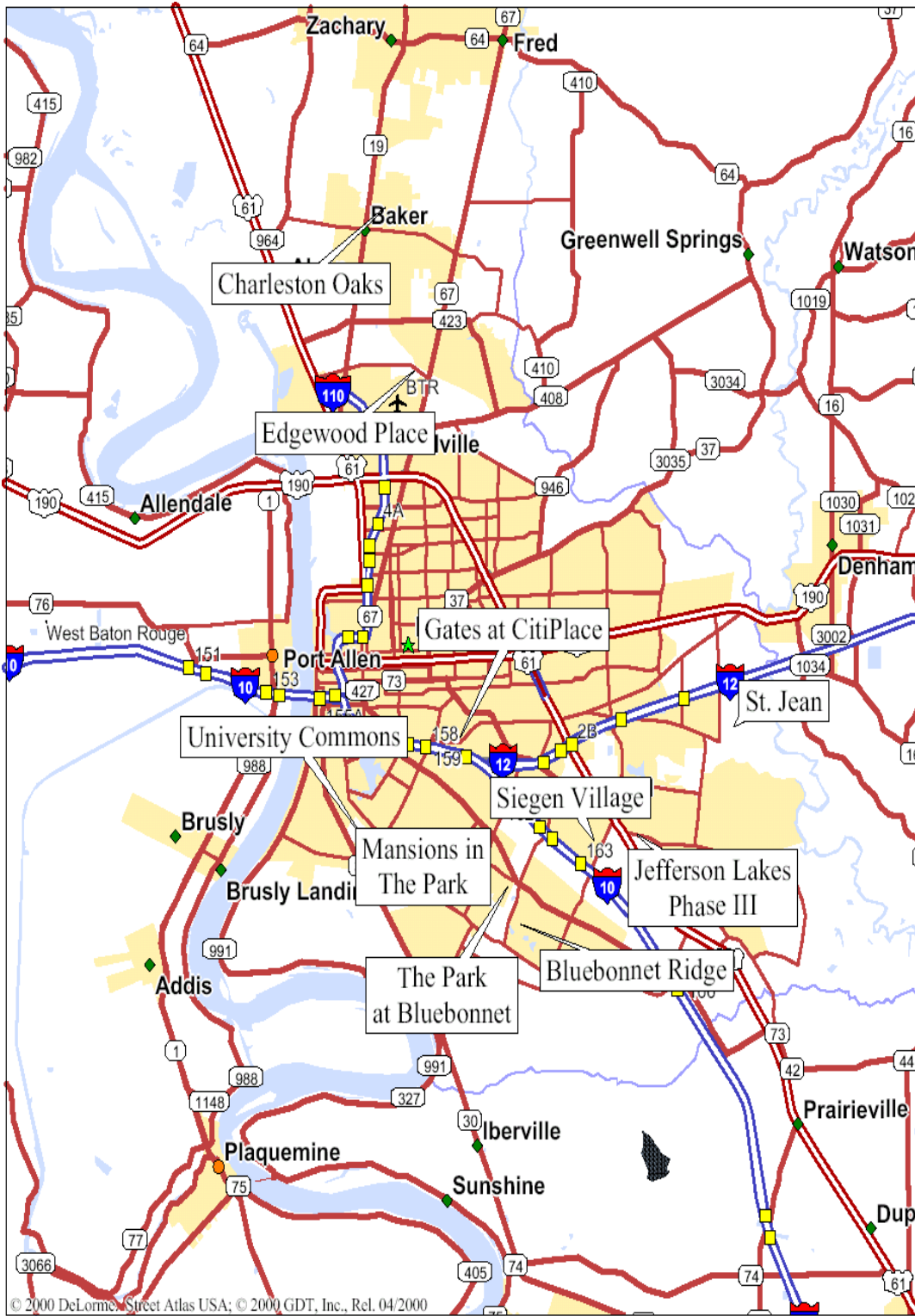
MAP OF APARTMENT COMPLEXES BUILT 1999-2001



**New Apartment Complexes Completed in 1995-98
Baton Rouge, Louisiana**

Project Name & Location	# of Units	Completion Date	Comments
Siegen Village 6630 Siegen Lane	312	Completed Late '95	Affordable Housing (Tax Credit) Units
Jefferson Lakes, Phase III 9853 Jefferson Hwy	112	Completed August '95	Affordable Housing (Tax Credit) Units Last phase of large complex
University Commons 4600 Burbank Drive	132	Completed Sept '95	Upscale "niche" student complex offering only 4-bedroom units (528 bedrooms)
Bluebonnet Ridge 10624 Glenstone Ct	112	Completed Early '96	Affordable Housing (Tax Credit) Units
Charleston Oaks Jefferson Street in Baker	30	Completed Late '96	Affordable Housing (Tax Credit) Units Reserved for elderly
The Gates at CitiPlace 2500 Gates Circle	369	Completed Mid '97	Upscale/Luxury units
The Park on Bluebonnet 8008 Bluebonnet Blvd	272	1st Phase - Late 1996 2nd Phase - Planned for 1998	Upscale/Luxury units - 1st Phase (272 units) completed 2nd Phase (80 units) planned
Mansions in the Park Perkins Road	264	First Units Completed Spring '98 Construction Completed Fall '98	Upscale/Luxury units near Olympia Stadium
St. Jean Apartments 16441 S. Harrell's Ferry Rd	624	400+ finished during 1997 Last units completed in Spring 1998	Affordable Housing (Tax Credit) Units First units became available 4/1/97
Total	2,227		

MAP OF APARTMENT COMPLEXES BUILT 1995-1998



LSU Influence

Note the substantial amount of upscale student housing planned or recently completed (oriented toward LSU students). Fall semester enrollment at LSU dropped sharply from 1984 through 1990. It stabilized in the early 1990's and has shown substantial improvement in recent years, as illustrated below:

<u>Year</u>	<u>Enrollment</u>
1983.....	29,863
1984.....	29,497
1985.....	28,979
1986.....	27,704
1987.....	27,295
1988.....	26,564
1989.....	25,977
1990.....	25,307
1991.....	26,138
1992.....	26,607
1993.....	25,369
1994.....	25,317
1995.....	25,879
1996.....	26,851
1997.....	28,077
1998.....	29,881
1999.....	30,966
2000.....	30,870
2001.....	31,402
2002.....	31,560

The 2002-2003 enrollment reflected an increase of 0.6% over the enrollment in 2001. It is further notable that the 2002 figure is 17% higher than the 1996 enrollment. The boost in student enrollment is at least partially attributable to TOPS (Tuition Opportunity Program for Students), a State-funded program that was modified in the Summer 1997 legislative session that affects all Louisiana high school graduates who were incoming college freshmen in 1998 (or later) and have been out of high school less than 2 years. Historically reserved for students whose families earn less than \$35,000 per year, *the household income restrictions were removed in the modified legislation*. Under the TOPS plan, students can qualify for *free college tuition* to any public college or university in Louisiana by graduating in a college preparatory curriculum with a 2.7 grade point average and at least a 21 (the State average, which is subject to change in the future) on the American College Test (ACT). Students with higher GPA and ACT scores (3.5 and 27, respectively) can qualify for *free college tuition and as much as an \$800 annual stipend*. This program has boosted enrollment at several Universities throughout the State.

Officials at LSU note the following:

- ❑ Higher admissions standards improve not only the overall reputation/prestige related to the university (as the statistical student “quality” improves). The retention and graduation rates also improve, as better students typically remain in school and graduate sooner.

- ❑ Residual benefits from the improved reputation is a better ability to draw students from other universities (i.e., the school's competitive positioning improves). Many of the students attracted are non-resident (and, thus, require additional housing units).
- ❑ Admissions standards were increased in 1995 from a minimum 2.0 GPA to a 2.3. These standards were increased further in 2002. Enrollment has boomed since 1995. Though it is difficult to assign a direct correlation, this is a notable indicator that the increased admissions standards may further boost enrollment.

We expect student enrollment at LSU to continue to grow. Further supporting this is the fact that the U.S. Department of Commerce forecasts steady population growth in the college-age segment (18 to 23 year olds). This expectation is based on the fact that many members of the Baby Boom Echo generation (i.e., the children of the first Baby Boomers) are reaching college age. The nationwide population of 18 to 23 years olds, which gradually declined in the early 1990's, stabilized in 1995-96 and has since improved. The timing of this improvement parallels the improvements LSU has experienced in terms of enrollment.

III. Apartment Renovations

A notable number of "down" apartment units were refurbished and brought back into the rental market in 1995-98 (over 750 units). The depressed apartment market of the late 1980's spawned substantial scavenging of failed or poorly operated facilities. A significant inventory of lender-owned units, resulting from a multitude of loan defaults and foreclosures (and exacerbated by bank failures and the disposition of assets by the FDIC and RTC), facilitated numerous acquisitions of apartment properties at depressed prices. Many of these properties were renovated and put back into operation. Others were held awaiting recovery of the market and are now being renovated. Complexes that were at one point abandoned and/or boarded and have been refurbished and brought back into the rental market are considered relevant new market entrants. These rejuvenated units often offer superior housing quality and/or condition to nearby facilities and are competitive and marketable. As the available inventory of dilapidated units has diminished greatly over the past decade, the amount of major renovation/reactivation activity has dropped appreciably.

IV. Other Sources of Housing Supply

In addition to the new and renovated units entering the market, there are numerous other forms of housing offering competition. These include single family dwellings (which, due to historically low interest rates and numerous government-backed incentive programs oriented toward home ownership, have drawn substantially from the apartment tenant base), assisted-living and other elderly-oriented, seniors housing facilities, condos/townhomes (construction and absorption of numerous condo units has been completed over the past 3± years, all near LSU, with more units currently underway), and mobile/manufactured homes. Condo conversions are of minimal net effect on the rental market (i.e., the tenants and units leave the rental market simultaneously).

A source of rental housing often overlooked is renter-oriented condo construction. In the immediate proximity of LSU, several condo developments have been built over the past few years and have attracted relatively rapid absorption (typically 5 to 10 units per month, depending more on construction schedules and availability than market demand). The notable condo developments are summarized below:

**Student-Oriented Condo Developments 1998-2002
Baton Rouge, Louisiana**

Project Name, Developer & Location	# of Units	Year Built	Comments
University View (Bill Hopper) East Boyd @ Nicholson Dr	144	2000-2001	Upscale student-oriented condos Virtually all units sold prior to completion Average 2BR unit pricing of \$105,000±
Leigh's Cove (Greg Cramer, et al) Etta Street off West Lee Dr	32	2000-2001	Upscale student-oriented condos Units sold at a rate of 3/month 2BR unit pricing of \$100,000 to \$113,000±
Highland Village II (Bill Hopper) Highland Road @ LSU Avenue	80	1998-1999	Upscale student-oriented condos Units sold at a rate of 4.5/month Average 2BR unit pricing in 2001 of \$103,000±
Courtney Place Condos (DNT Properties) Burbank south of Jennifer Jean	48	2002	Upscale student-oriented condos All units sold prior to completion 2BR unit pricing of \$106,000 to \$116,000±
Berkely Oaks Condos (Earl Weber, New Orleans) Burbank south of Jennifer Jean	32	2003	Upscale student-oriented condos All units sold prior to completion 2BR pricing of \$129,900 to \$135,900
Jennifer's Landing (DNT Properties) Brightside Lane south of Nicholson	32 (1 st Phase)	Under Construction	Upscale student-oriented condos Expected Completion 8/03
Leigh's Cove - Phase II (Greg Cramer, et.al.) Etta Street off West Lee Drive	26	Under Construction	Upscale student-oriented condos Expected Completion 8/03
Total	394		

**Student-Oriented Condo Developments Planned for 2003 - 2004
but Not Yet Under Construction
in Baton Rouge, Louisiana**

Project Name, Developer & Location	# of Units	Expected Completion Date	Comments
Lake Beau Pre (Greg Flores of Baton Rouge, LA) River Road south of Brightside Lane	85 (1 st Phase) 192 (Total)	2004 2004 - 2005	Upscale student-oriented condos Site plan approval has been granted Construction may start by mid-2003 on 1 st Phase
Berkely Oaks Condos - Phase II (Earl Weber, New Orleans) Burbank south of Jennifer Jean	72	2003 - 2004	Upscale student-oriented condos 40 units pre-sold 2BR pricing of \$135,900 to \$149,900
Southgate Towers Condos (R.W. Day & Associates, Baton Rouge) Nicholson Drive south of LSU	91	2004	High-rise, Upscale/Luxury Student-Oriented Units Planned start date - late 2003/early 2004 Part of larger development of retail/apartments/office
Total	(through 2004)	617	

Seniors Housing

The seniors housing market has attracted notable construction in recent years. The various seniors housing types are defined as follows:

- ❑ **Congregate Senior Housing** is normally built in apartment-like settings (independent living) and has a common dining area, although units also have small kitchens. Some services may be included in monthly fees.
- ❑ **Assisted Living Facilities** provide services for elderly individuals who need help in one or more daily tasks. Around-the-clock nursing is typically not available.
- ❑ **Continuing Care Retirement Communities (CCRC's)** have fee structures which provide health care ranging from the level found in congregate housing to around-the-clock nursing facilities. As residents age, they can obtain more support without having to move. An endowment or buy-in-fee is typically charged.
- ❑ **Skilled Nursing Facilities** typically provide licensed nursing care for residents requiring extensive medical or rehabilitative assistance. To support aging in place in this facility, a licensed Home Health Care Agency will provide home health care in the facility and in the resident's unit, as prescribed by the resident's physician.

Baton Rouge has historically had only 5 facilities offering market-rate Assisted Living units and 3 facilities offering market-rate Congregate Care units (though other facilities have apartments oriented toward elderly residents, only a small number of facilities offer the support services requisite to these classifications). In recent years, however, several new facilities offering Assisted Living or Congregate Care units have been built, though no additional units are known to be under construction. These are listed on the following table:

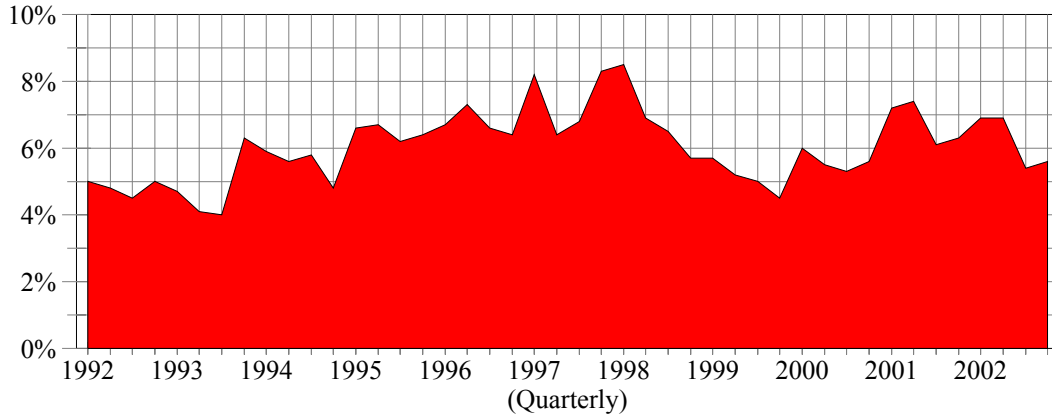
**New Seniors Housing Facilities 1997-02
Baton Rouge, Louisiana**

Project Name & Location	# of Units	Comments
St. James Place Lee Drive near Highland Road	74 Assisted Living 64 Congregate Care	Construction began in Fall 1999 Expansion of existing facility
Sunrise Assisted Living Facility corner of Jefferson Highway and Essen Lane	54 Assisted Living	Completed in August 2000
Sherwood Manor Nursing Center Westfork off South Sherwood	107 Nursing Units	Construction Completed 2001
Oxford Place Oxford Place near Airline Highway	32 Assisted Living 56 Full-Care Nursing Units	Construction Completed 2001
Lake Sherwood Seniors Living Center Plaza Tower Drive, off S. Sherwood Forest	120 Congregate Care 44 Assisted Living	Construction Completed 1998
Lakewood Quarters Summa Drive	108 Assisted Living	Construction Completed 1998
Village at Windemere YMCA Plaza Drive, off Perkins Road	109 Congregate Care	Construction Completed 1998
LA Plantation Assisted Living Complex 26635 LA Hwy 16, Denham Springs	71 Assisted Living	Construction Completed 1998
Williamsburg Government Street near Foster Dr	43 Assisted Living	Construction Completed 2/97
Southside Gardens Perkins Road @ Lee Drive	33 Assisted Living	Expansion of existing facility Construction Completed 1998
Total	163 Nursing Units 293 Congregate Care 459 Assisted Living	

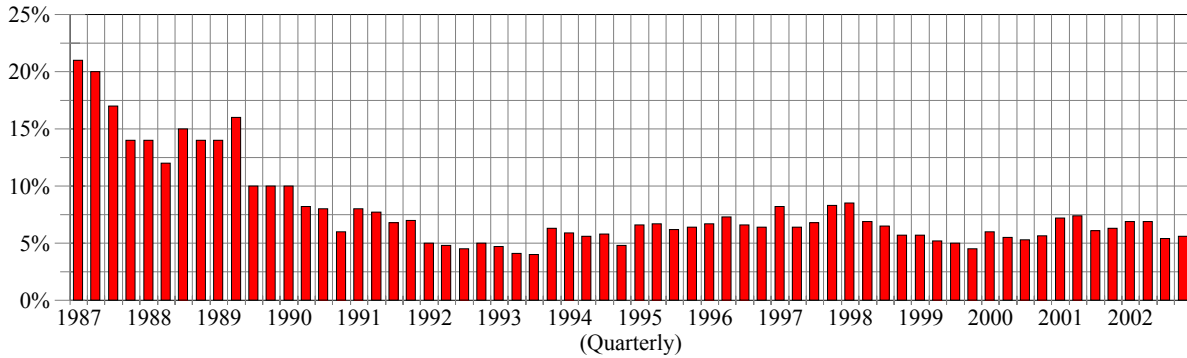
V. Apartment Vacancies

The following graphs illustrate the recent trends in apartment vacancies (as reported by the Baton Rouge Apartment Association). The data suggests that, until 1998, the substantial incoming supply of apartment units and competing sources of housing negatively impacted apartment rentals (while continuing upward, the rate of increase slowed) and vacancies (peaking at 8.5%, the overall vacancy for the city hit its highest level since late 1990). Gradual recovery (absorption of the new supply) has occurred since, with city-wide vacancies reported by the Baton Rouge Apartment Association at 5.5% in October 2002 and 6.9% in January 2003. The apartment vacancies trends over the past several years are illustrated on the following exhibits:

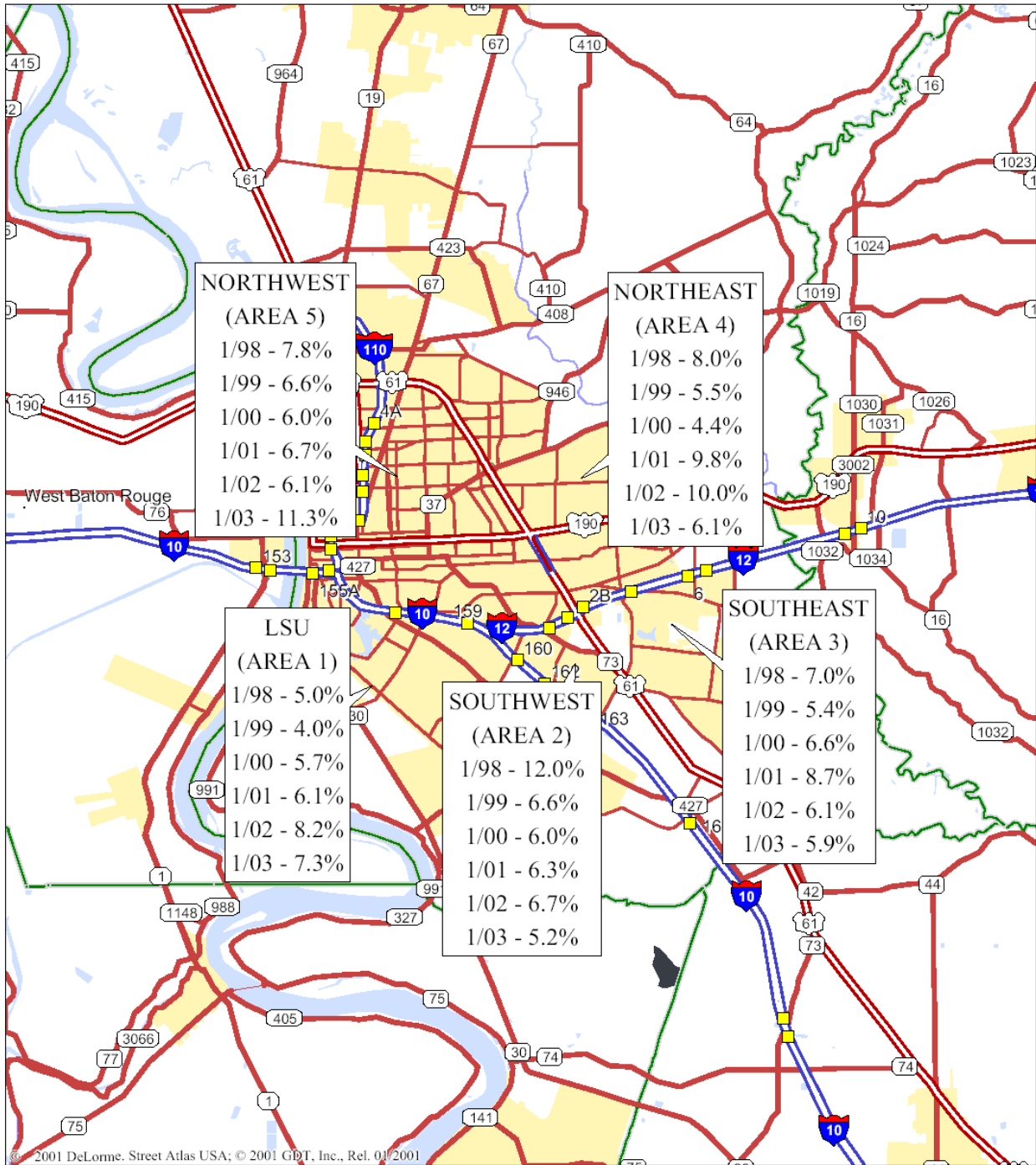
Apartment Vacancies



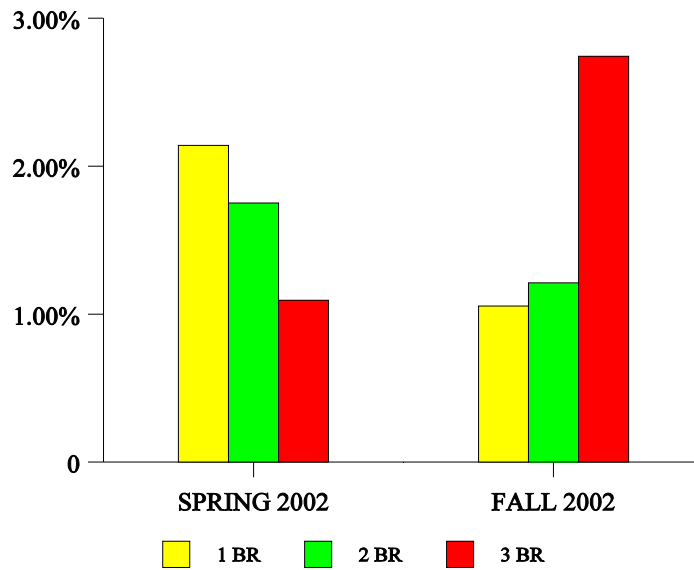
Apartment Vacancies



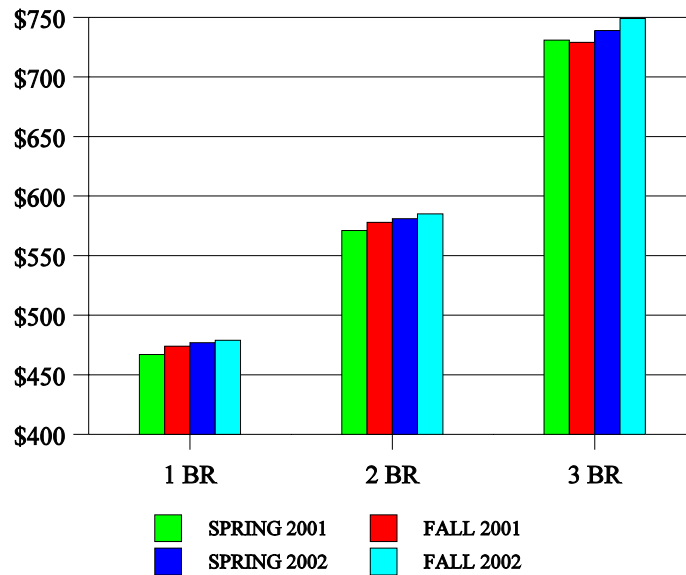
APARTMENT VACANCIES



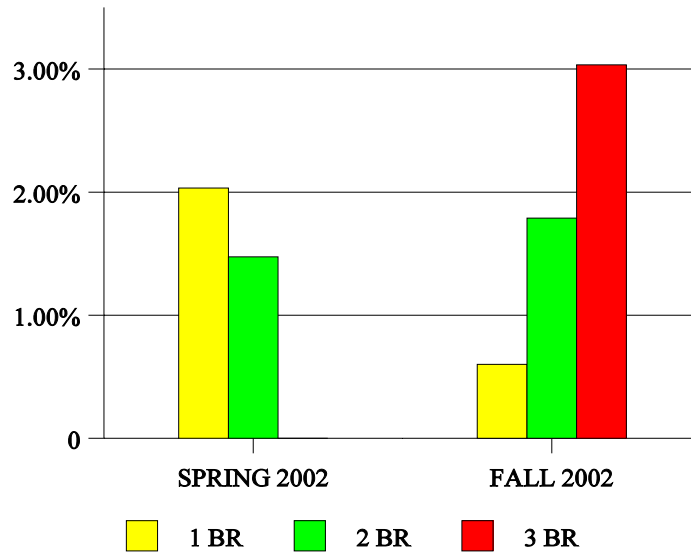
**ANNUAL PERCENTAGE INCREASE IN APARTMENT RENTAL RATES BY UNIT TYPE
BASED ON MATCHED SAMPLE OF 136 COMPLEXES**



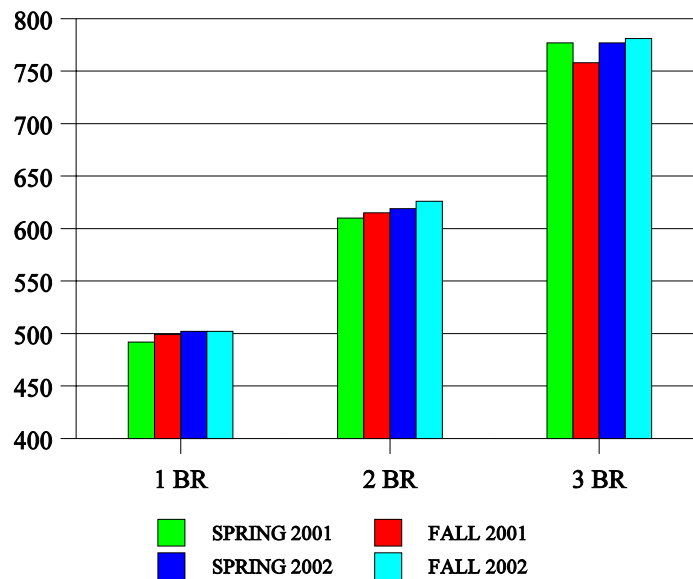
**AVERAGE APARTMENT RENTAL RATES BY UNIT TYPE
BASED ON MATCHED SAMPLE OF 136 COMPLEXES**



**ANNUAL PERCENTAGE INCREASE IN APARTMENT RENTAL RATES BY UNIT TYPE
BASED ON MATCHED SAMPLE OF 34 LARGE COMPLEXES (201+ UNITS ONLY)**



**AVERAGE APARTMENT RENTAL RATES BY UNIT TYPE
BASED ON MATCHED SAMPLE OF 34 LARGE COMPLEXES (201+ UNITS ONLY)**



VI. Conclusions

In-depth analyses by D. Wesley Moore, II, MAI, CCIM, which were based in large part on economic modeling developed by David Treppendahl, CCIM, suggest that East Baton Rouge Parish should be able to readily absorb roughly 700± new units per year without suffering a substantial increase in vacancies. This projection assumes stable growth in population and the number of households of 1% per year (the actual compounded annual growth rate in East Baton Rouge Parish from 1990-2000 was 0.85%) and apartment depletion (through demolition, condemnation, etc.) of 225± units per year, on average (based on historical trends for East Baton Rouge Parish and national averages).

Pent-up demand was exhibited in certain market segments in the early and mid-1990s (most notably upscale units, student housing, and seniors housing). The new supply of units (3,993± completed from 1995 through 2001, 432± units were built in 2002, 1,306± units are under construction and will be completed in 2003 and 617± units are 'officially' planned and announced for 2004 construction) appears to have maintained consistency with the market's readily sustainable level of absorption. A slight market-wide increase in vacancies (up from 4% - 5% in the early 1990s to 6% - 7% in 2001-03) and moderation of rental increases appears to have resulted from the new supply. Recent vacancy figures compiled by the Baton Rouge Apartment Association indicate that absorption of most of the new units has occurred, while minor softening appears to have periodically arisen (spiking at the 8.5% level in early 1998 and 7.4% in April 2001, vacancies have returned to a citywide average of 6% to 7%, while rentals have continued to gradually move upward at 1% to 2%± per year). In retrospect, the market appears to have maintained an absorption rate consistent with that suggested sustainable by our model (4,500± units built and absorbed over a 7± year period = 650± units per year). If all of the 1,900± units (which equates to a 3± year supply) planned for construction during the next 2± years are completed, a temporary oversupply of apartment units (most notably in the upscale segment) will likely result.

A bulleted summary of our conclusions (tailored towards apartment managers & owners) is provided below:

- ❑ Market-wide vacancies should begin to gradually increase (though 92% to 93% city-wide occupancy is OK, really) through 2003, likely peaking in 2004
- ❑ Competitive pressures (from new apartment units) should increase during 2003, as the units under construction should start coming online, forcing overall rentals to stall (if not decline) and concessionary practices (e.g., reduced deposits, short-term rental discounts, etc.) to increase
- ❑ The 'dance floor' may start to get a bit crowded by mid or late 2003, forcing older properties to 'dress-up' more for the dance (i.e., capital improvements, updating, increased services, etc.) or potentially accept lower and/or stagnating rentals

Our conclusions and projections are tempered by certain key considerations:

1. Through 2000, Baton Rouge enjoyed 13 straight years of expansion, maintaining an average annual employment growth rate of almost 3% (6,800± new jobs per year). Local job growth in 2001-02 was slowed by the national economic recession (local job growth for 2002 was roughly 1%, based on figures from the Department of Labor), though the recent figures reflect economic strength on a relative basis (as most of the Country *lost* jobs in 2001-02, to generate *any* job growth during this period was a worthy accomplishment). Even during an economic downturn, local job growth has exceeded our average population growth (0.85%± per year from 1990 to 2000). If unemployment remains at such low levels (currently 5%±) and job growth is sustained at recent levels over an extended period (2%± annual job growth over then next 2± years is projected by Dr. Loren Scott of LSU), it is unlikely that the average rate of population growth (and a corresponding increase in the number of households) will not increase (or at least hold at historical levels). As our model is sensitive to population growth projections (with greater growth supporting stronger absorption of new multifamily units), the impact of the new supply on overall vacancies could be diminished.

2. Certain market segments (i.e., upscale units, student housing, etc.) and corridors that appear to be/have been under-supplied in the mid-1990s have attracted the strongest absorption. The upscale conventional and student-oriented units that have been completed thus far have, for the most part, reported very strong occupancies (typically 93% to 100%) and absorptions (typically 12 to 20 units leased per month during the lease-up phase for new units). The remaining new units (predominantly oriented toward lower-income tenants via governmental subsidization programs) have had some impact on older, less competitive properties marketed toward the same tenant base.