

COMMERCIAL INVESTMENT DIVISION  
OF THE GREATER BATON ROUGE ASSOCIATION OF REALTORS  
PRESENTS

# TRENDS

ANNUAL SEMINAR

April 28, 2005 • Pennington Conference Center



# CID: YOUR EXPERTS IN COMMERCIAL REAL ESTATE

The Commercial Investment Division (CID) was established in 1982 by a small group of REALTORS® and appraisers in an effort to bring those individuals and companies who work with commercial real estate closer together to share information and knowledge so that all can prosper and better serve their clients and customers.

Today, CID is the pre-eminent commercial real estate group in the area. CID members are top producers in their respective market sectors who meet regularly to share ideas and stay abreast of current issues and developments in commercial real estate. The major goals of CID include the encouragement and support of our members in achieving professional certifications such as CCIM, SIOR, CRE and RLI.

CID worked with LSU's Real Estate Research Institute to originate the TRENDS seminar in 1989. It now hosts an average of 450 participants each year, making it the most successful real estate seminar in Baton Rouge. On the following pages, you'll find a preview of this year's program.

In 2001 CID established LACDB (Louisiana

Commercial Database), an Internet-based commercial data sharing system. It has information on properties listed by LACDB members in Baton Rouge, New Orleans, the Northshore and Lafayette. In 2004 this system became a statewide commercial database with the addition of the Shreveport area. Visit the commercial database online at [www.lacdb.com](http://www.lacdb.com).

We invite all interested companies and individuals to our monthly meetings held the third Thursday of each month at Juban's. Call any of our members or the GBRAR office for details.



**D. WESLEY MOORE II**

*Cook, Moore & Associates*

*President, Commercial Investment Division*

## DEVELOPING TRENDS

The goal of the TRENDS program has always been to educate both CID members and other real estate practitioners in greater Baton Rouge, as well as to provide a summary of the previous year's performance. This year we are expanding our approach by inviting clients and offering our opinions of future market sector trends.

Five distinct market sectors of commercial real estate will be covered at TRENDS: industrial, office, multifamily, residential and retail. These presentations represent the combined efforts of volunteer committee members who pooled their resources, data and expertise in analyzing their sectors. Each TRENDS presentation is the product of extensive evaluations of significant data.

The backdrop for these presentations is always the dynamic population profiles of our greater Baton Rouge region and the movements into, out of and within the area. Change remains a fact of both life and real estate. Finally, the careful consideration of current financing possibilities is critical to every successful commercial transaction, and we will also have a presentations on these timely topics.

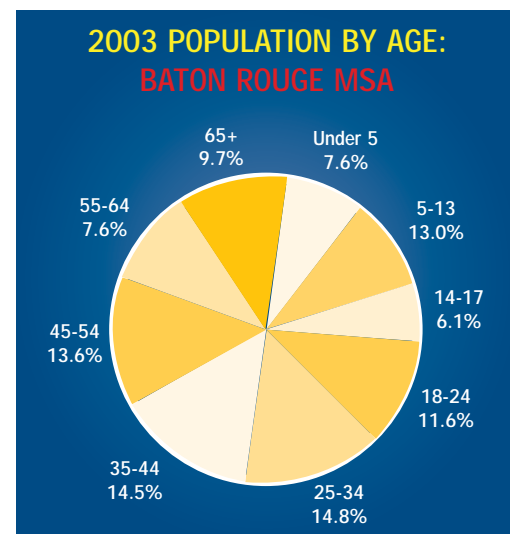
My personal thanks goes to each of the committee members, presenters, sponsors, advertisers and GBRAR staff, as well as to LSU and to our clients for making this program a success.

Many of our members have achieved professional certifications through their ongoing experience and education, and TRENDS is an opportunity to offer to the community the wealth of knowledge represented by our combined expertise. Please look for the registration form included with this program and make your plans for joining us April 28 at the Pennington Biomedical Research Center.



**KARL LANDRENEAU**

*Thorton Harvison & Rhodes  
CCIM and Trends Chairman*



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# GUEST SPEAKER: MICHAEL OLIVIER



**MICHAEL OLIVIER**

*Louisiana Economic Development*

The Commercial Investment Division is pleased to welcome Louisiana Secretary of Economic Development Michael J. Olivier as the guest speaker at the 2005 TRENDS seminar.

Olivier's appointment in 2004 by Gov. Kathleen Babineaux Blanco won praise from Louisiana business leaders, referring to Olivier as aggressive, experienced and knowledgeable. Prior to returning to his home state of Louisiana, Olivier had served more than 17 years as the executive director and chief executive officer of the Harrison County

Development Commission in the casino and industrial region of the Mississippi Gulf Coast.

Through his involvement in all aspects of regional economic development, Mr. Olivier has been recognized locally, regionally and nationally. He was awarded the American Economic Development Council's Distinguished Service Award in 1995, 1996 and 1997. *Business Week* named Olivier Mississippi's Economic Developer of the year in 1999, and in 2002, *Southern Business and Development Magazine* named him as one of the Top 10 Economic Developers of the Decade.

Olivier holds a B.S. and an M.S. from the University of Louisiana-Lafayette and holds the Certified Economic Developer designation from the International Economic Development Council.

The Baton Rouge CID holds monthly meetings at Juban's on Perkins Road on the third Thursday of each month, with speakers focusing on timely local commercial issues. For membership applications and all questions, call the Greater Baton Rouge Board of Realtors at 225-761-2000.

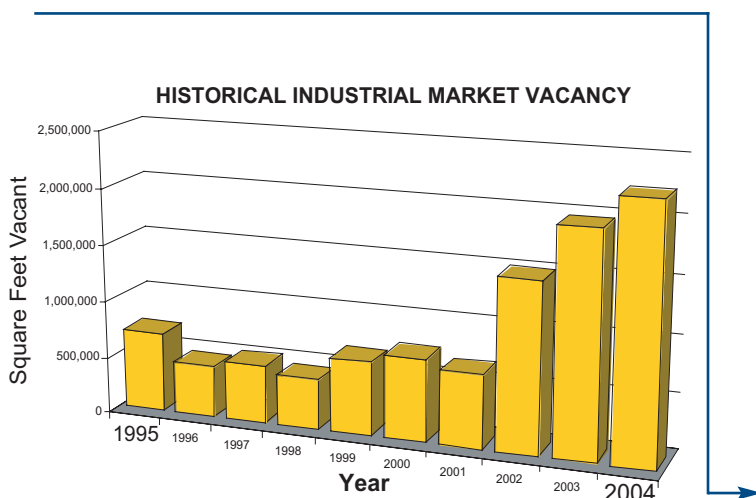
## TRENDS

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Our appreciation to all presenters, staff, sponsors and advertisers. Special thanks to our master of ceremonies, *Baton Rouge Business Report* Publisher Rolfe McCollister Jr.

# INDUSTRIAL TRENDS



The Industrial Trends Committee concentrates on the industrial real estate market for the Greater Baton Rouge area. Committee members are Chairman Marc Barker, CCIM, SIOR, NAI Latter & Blum; Todd Pevey, MBA, MIE Properties; David Lakvold, MAI, SRA, The Lakvold Group LLC; Branden Barker, Latter & Blum Property Management; and Ben Graham, NAI Latter & Blum.

The Industrial Trends guest speakers will be Plant Manager David Wise of Shintech Louisiana and Leasing Manager Todd Pevey of MIE Properties. David will provide an update on Shintech's recently announced \$1 billion new PVC plant to be constructed in Iberville Parish. Todd will provide a snapshot of industrial real estate trends.

The industrial market trend for 2005 is predicted to improve slightly as compared to downward trends in 2002, 2003 and 2004. Petrochemical plants suffered over the past several years due to high natural gas prices (natural gas used as a feedstock), foreign competition, and a weakened economy. However, increased worldwide demand for chemical products along with cost-reduction measures has resulted in more demand and production for the petrochemical industry.

Shintech's recently announced construction plans along with other announced new and expanded production units will facilitate improvements in the industrial real estate markets. Vacancy rates increased from 10.08% in 2003 to just over 11.04% during 2004. This, however, is a smaller increase in vacancy than was witnessed from 2002 (8.1%) to 2003 (10.08%). Although vacancy rates should begin to decline, leasing rates should remain stabilized for the near term. In 2004, a speculative 144,000-square-foot warehouse distribution center by Sealy & Company and a pre-leased 300,000-square-foot distribution warehouse by Latter & Blum's Robert Merrick were completed. MIE Properties has begun construction on 100,000 square feet of speculative flex space.

The Industrial Trends report will shed light on important factors related to the industrial real estate market.

The report will also include market inventory statistics, which provide by square feet total industrial inventory, vacancy, construction projects, and net market absorption rates. In addition, we will cover sales prices on buildings and vacant land, lease rates and current trends.



**MARC BARKER**  
NAI Latter & Blum



**TODD PEVEY**  
MIE Properties



**DAVID WISE**  
Shintech Louisiana

# OFFICE TRENDS



NAI LATTER & BLUM  
BRANDON PESNELL



Slow office market? Don't try to convince the numerous developers who are constructing and leasing new drive-up suburban office buildings in some of Baton Rouge's hottest corridors or the owners of Class A buildings in the College/Corporate area. For these developers and owners, 2004 proved to be a banner year in the office market segment. But what about trends in the other sectors: Downtown, Essen, Florida/Airline, and Sherwood?

Although it has been in small increments, there was considerable absorption of existing vacancies in 2004. Leasing activity increased and was driven mainly by local tenant relocations. These trends are expected to continue over the course of 2005.

Overall, the Baton Rouge office market, totaling over 4.3 million square feet of Class A & Class B space, has performed much better than markets in the West South Central United States. A

stronger national and local economy is expected to create job growth over the next year that will fuel demand for office space. The local job market is expected to increase by approximately 2,500 employees per year over the next two years. However, absorption of existing vacancies will continue to be small predominant tenants as in 2004. As economic conditions improve, we look for larger, regional corporate tenants to be more of a factor in the market.

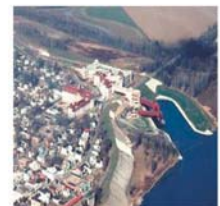
In addition to a thorough explanation of occupancy and rental rates for the Class A & B market segments, special attention will be directed toward an analysis of the ongoing construction of suburban drive-up office buildings in the Baton Rouge market. The TRENDS 2005 Office Committee, led by Brandon Pesnell of NAI Latter & Blum, will discuss the supply and demand for these types of office buildings and their impact on the overall office market.

## CID & LSU: PARTNERS IN REAL ESTATE EDUCATION

Each year the Louisiana State University Real Estate Research Institute joins the Commercial Investment Division of the Greater Baton Rouge Association of REALTORS® in producing the TRENDS seminar. The CID would like to thank the following LSU students who helped in gathering data for this year's TRENDS:

Kristi Ackel  
Jennifer A. Brown  
Kristi Davis  
Thomas Anthony Fasullo  
John Sanders Foreman III  
Brad French  
Chip Gardner  
Chad Gary  
Erica Helmick  
Carl Kephart  
Jennifer Kinberger  
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Robbie Naquin  
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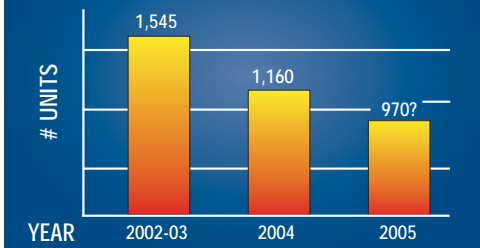
# MULTIFAMILY TRENDS



**D. WESLEY MOORE II**  
Cook, Moore & Associates

## New Product Pipeline

New apartment units constructed in Baton Rouge, 2003-2005



Have you noticed the substantial amount of apartment and condo construction in Baton Rouge over the past few years? Roughly 1,425 new rental units came online in 2003, while another 1,160 rental units have been built in 2004-05. On top of that has been the construction of several hundred "for sale" condo and townhome units.

Why has so much construction occurred? Can Baton Rouge absorb all these units? How long might that take? What has this done to attainable rents and occupancies? Most importantly ... how does this affect me?

In the apartment segment of the 2005 TRENDS in Real Estate seminar, information about new multifamily developments will be presented, with discussions about who is building how many units and where, what services, features and amenities are being offered, and where the next units are likely to be built. The presenter will be D. Wesley Moore II of Cook, Moore & Associates.

The presentation will include interior, exterior and, in some cases, aerial photos of the newest product, with supporting statis-

tics and graphs illustrating overall rental and vacancy trends, absorption rates, etc.

Have you also noticed the substantial number of condo units recently built in the southern portions of Baton Rouge? They're not just to the south of LSU anymore. The multifamily presentation will include information regarding recent condo developments, including: positioning, features, pricing and absorption rates. The presentation will also give a glimpse of what is coming down the pipe.

Considering buying or selling a multifamily property? Have clients considering doing so? We will present a brief overview of recent local apartment sales and cap rates.

Whether you're a developer, banker, appraiser, commercial real estate agent, residential agent (and the list goes on), you're affected by the demographic and developmental trends that drive multifamily housing. The information presented at the 2005 TRENDS should help you make better, more educated and, hopefully, more profitable choices.

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# RESIDENTIAL TRENDS



**EDWARD B. KRAMER**  
*The Highland Club*

RESIDENTIAL PERMITS				
2002 to 2004				
	2002	2003	2004	
EBR	1,013	1,385	1,580	+195
Ascension	968	1,123	1,167	+44
Livingston	1,126	1,060	1,022	-38

The Greater Baton Rouge residential home market has enjoyed significant growth for over a decade. When will it slow down? The TRENDS residential overview, presented by Ed Kramer of The Highland Club, will look at these and other issues affecting the real estate market today.

There are significant market forces within the greater Baton Rouge area that create new economic dynamics that you cannot afford to miss. This year, data from Baton Rouge, Ascension and Livingston parishes as well as Zachary and Brusly will be included in the TRENDS residential overview.

Results of analysis of building permits and MLS data will be discussed. New home permits in East Baton Rouge soared to a record 1,580 permits. But the type of permits issued has changed, and you don't want to miss this analysis. The overview will also include a pictorial tour of some new developments not only in Baton Rouge, but in outlying areas as well.

Zachary and the northern part of the parish have been growing at a steady pace. Livingston Parish, while still strong, suffered slightly in

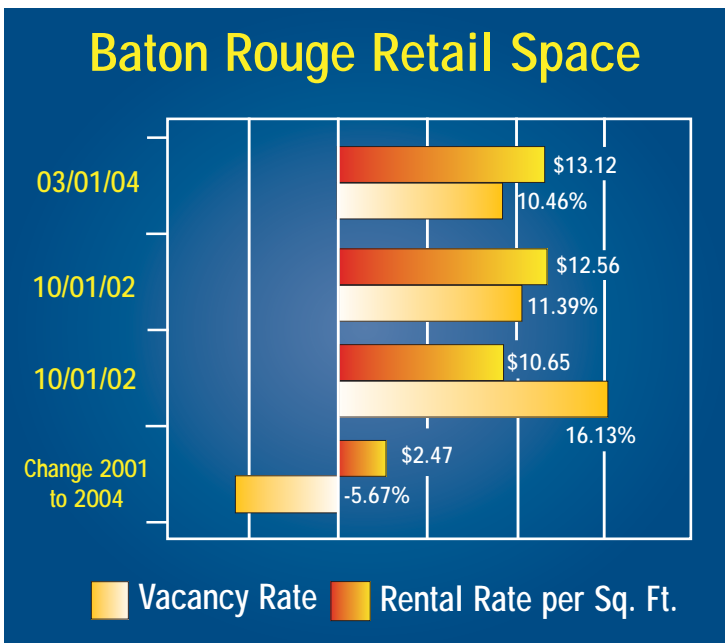
2004, down 38 units from 2003 levels. Has Zachary stolen some of Livingston's thunder? Find out at the seminar.

In Baton Rouge, sales of existing homes—approximately 85% of the total residential market—is, without a doubt, the greatest single factor in the market today. What price range is selling the best? What are buyers looking for? The data may surprise you.

New forces are emerging—lot prices creep upward, while impact fees, land availability and other factors threaten continued growth. Innovations in housing types are emerging to combat these factors. "Tear-downs" and substantial renovations are increasing. New housing types available today may reveal future trends. Low mortgage rates and rising home values have fueled a refinancing trend that's helped homeowners get lower monthly mortgage payments and cash in hand. See the outlook for Baton Rouge and surrounding areas at TRENDS. Arm yourself with valuable information about the market, statistics and the future. Learn new facts that may help you prosper in 2005 at TRENDS.



# RETAIL TRENDS



**TOM COOK**  
Cook, Moore & Associates

Last year's Retail Trends presentation centered around the "lifestyle" centers which are currently under construction; primarily Perkins Rowe and Towne Center at Cedar Lodge. Both of these are continuing to develop and additional details on the two projects will be discussed during this year's retail report, presented by Tom Cook of Cook, Moore & Associates.

Additionally, the presentation will include information on retail development in the Louisiana State University corridor. These developments, combined with what is proposed for the addition to the Mall of Louisiana, will all have an impact on the retail market of the Baton Rouge metropolitan area.

We will also discuss the potential Bass Pro Shop and Cabela's developments in Livingston and Ascension parishes, respectively.

In addition to the discussion of new development, we will also focus on what has happened with the older retail centers such as Cortana Mall and vacant big-box space around the greater Baton Rouge area.



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# FINANCE TRENDS

Brian Andrews, president of Andrews Commercial Mortgage, will present trends in interest rates over the past year, predictions by national experts of where rates are going, and strategies for taking maximum advantage of the changes.

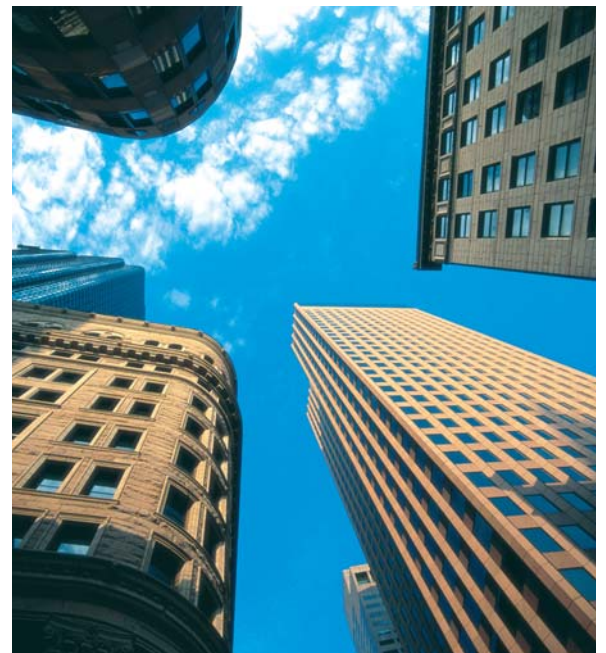
Andrews will review local, regional and national lender attitudes toward specific property types, how properties are being financed, and what requirements lenders are placing on projects and borrowers. The impact of recent merg-

ers and entries of new lending institutions into the Baton Rouge market will also be discussed.

There will be continued emphasis this year on spotlighting particular loan programs, including the various options for mezzanine financing that bridge the gap between traditional debt financing and owner equity, Fannie Mae financing for apartments, and updated strategies for when to refinance commercial real estate loans even in the face of prepayment penalties.



**BRIAN ANDREWS**  
President  
Andrews Commercial Mortgage



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