

MARKETBEAT NEW ORLEANS

Multifamily Q1 2023

YOY Chg 12-Mo.
Forecast

93.9%
Stabilized Occupancy Rate

356
Units Under Construction

\$1,263
Effective Rent, Per Unit

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2023

YOY Chg 12-Mo.
Forecast

\$60,900
New Orleans
Median HH Income

3.6%
New Orleans
Unemployment Rate

563,400
New Orleans Nonfarm
Employment

ECONOMY

The New Orleans unemployment rate of 3.6% remained on par with that of the U.S. at the end of Q1 2023 despite the challenges all tourism-centric markets faced in the leisure and hospitality sector during the pandemic. The region continues to garner accolades as a top tourism destination, and in March the Port of New Orleans (Port NOLA) set a new monthly record for cruise passengers. Port NOLA also continues to serve as a major economic driver, and in December 2022 Gov. Edwards announced a public-private partnership between Louisiana, Port NOLA, and two global maritime industry leaders to build a \$1.8B container facility in St. Bernard Parish that will increase throughput capacity and stimulate the creation of more than 17,000 new jobs by 2050.

The metro offers low operating costs for businesses as well as generous incentives, attracting a variety of industries to keep commerce strong. Over the past year, the region recorded steady job growth with the most substantial employment gains recorded in the leisure and hospitality (6.1%), education and health services (5.2%), and construction (4.0%) industries. A recently-released jobs report from Greater New Orleans, Inc. and Bank of America highlighted sectors poised for substantial growth in the coming years, including neurosciences, logistics, video game development, and renewal energy such as offshore wind and clean hydrogen.

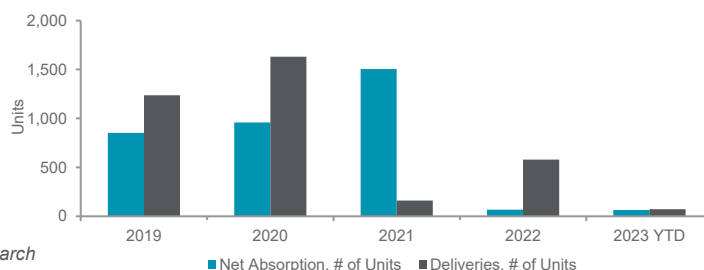
MULTIFAMILY MARKET

New Orleans' multifamily supply and demand remained in balance in the first months of the year. Geographic restraints have kept this a historically stable market, consistently controlling the introduction of new inventory. Barriers to entry are plentiful, most notably major bodies of water—giving the city built on the crescent of the Mississippi River the moniker “Crescent City”—and a lack of developable land. New inventory within buildings of 50 units or more is minimal—only 356 units were under construction at the close of Q1, one of the lowest figures in the nation—and an abundance of the market's inventory is older building stock. However, this is following a recent supply wave in which 3,135 new units were delivered in 2019-2020 alone, concentrated around Downtown.

Despite this increase in inventory, tenant demand remained high and the market-wide stabilized occupancy rate, which excludes properties still in their initial lease-up period, ended Q1 at 93.9%. This rate was exactly on par with the 10-year average of the decade prior to the aforementioned infusion of new supply, demonstrating the persistent tenant demand in New Orleans and the market's consistency over time. Net absorption remained positive in Q1 2023 after five consecutive years of net occupancy gains.

At \$1,263 per unit, effective rents increased 20.7% over the past five years, approaching their historical high in Q1 2023. Prospective tenants can expect to pay a premium to live in Downtown New Orleans, where effective rents average \$2,155 per unit. Market conditions can vary substantially by submarket in New Orleans, but especially with minimal product in the pipeline, the stability of the multifamily market can be expected to persist as the year progresses, remaining aligned with decades of consistent historical performance.

DEMAND / DELIVERIES



STABILIZED OCCUPANCY & EFFECTIVE RENT



MARKETBEAT NEW ORLEANS

Multifamily Q1 2023



KEY SALE TRANSACTIONS

PROPERTY	DATE SOLD	SELLER	BUYER	UNITS	PRICE \$ UNIT	YEAR BUILT
American Can	Mar 2023	Audubon	Key Real Estate	268	Undisclosed	1926/2001
Louisburg Square & Alexas Gardens	Feb 2023	Confidential	The PFD Group	416	\$17.9M \$42,909	1962/2005
Townebridge Place	Sep 2022	CLK Investments V LLC	Q Hotel Management	132	\$14.1M \$106,439	1983
Greenbriar Estates	Aug 2022	Morguard Investments Ltd.	Kushner Companies	144	\$26.6M \$184,375	2003
Canal 1535	April 2022	Provident Realty Advisors	PASSCO Companies	330	Undisclosed	2020

LOUISIANA MAJOR MARKET COMPARISON (competitive set of buildings with 50+ units)

MARKET	INVENTORY (UNITS)	2023 YTD DELIVERIES (UNITS)	UNDER CONSTRUCTION (UNITS)	2023 YTD NET ABSORPTION (UNITS)	STABILIZED OCCUPANCY RATE	EFFECTIVE RENT
New Orleans	40,778	73	356	42	93.9%	\$1,263
Baton Rouge	34,100	132	1,122	-102	90.2%	\$1,131
Shreveport	22,472	0	0	-13	86.8%	\$928
Lafayette	13,641	0	410	33	92.3%	\$1,011
LOUISIANA TOTAL	150,251	268	1,888	-81	89.2%	\$1,094

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