

# COMMERCIAL REAL ESTATE REVIEW

U.L. COLEMAN PROPERTIES, LLC

IREM MACY AWARD WINNING NEWSLETTER

SPRING 2019

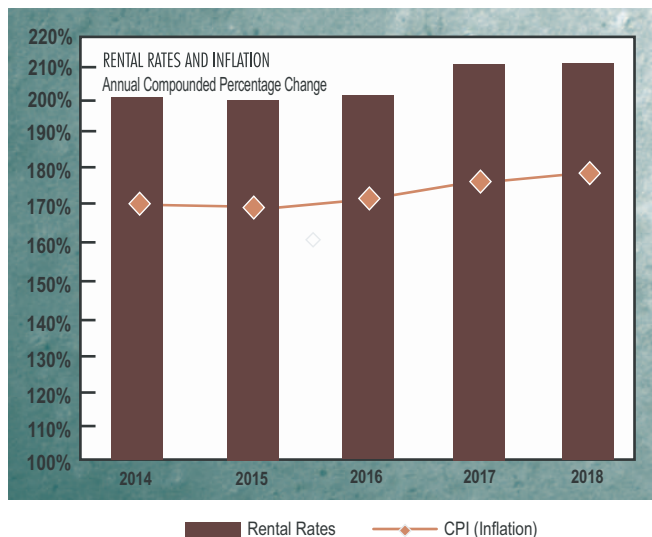
## THE U.L. COLEMAN PROPERTIES

The U.L. Coleman Properties, LLC has served the Louisiana and Texas markets for 46 years in the areas of Real Estate Brokerage, Leasing, Property and Asset Management, Market Research, Consulting, Commercial, Industrial and Multifamily Development, and Construction Services. Over the years, we have compiled market data that is useful to those interested in and affected by the commercial real estate market. The purpose of this report is to inform investors, managers, clients, and business associates of market trends and conditions for the Shreveport-Bossier City area. All data is based on historical information quoted by building owners and managers. No forecasts or conclusions are provided.



## APARTMENT MARKET

The apartment market survey examines properties in the Shreveport-Bossier City area containing 16,859 units. Thirty-two apartment properties were reclassified in the first quarter of 2018. This is the first reclassification since the first quarter of 2015. Seventy percent of the inventory is 31 years or older. Three properties were deleted from the survey due to no longer meeting survey criteria. Factors affecting reclassification of a property include rental rates, age of property, and overall condition. Overall market average rental rates increased from \$0.892 per square foot to \$0.913 per square foot from the fourth quarter 2017 to the fourth quarter 2018. Overall market occupancy for the fourth quarter of 2018 was 91.6%.



Source: U. L. Coleman Properties, LLC, Quarterly Market Report (Rates) U. S. Department of Labor (CPI)  
2018 Rates as of the 4th quarter, 2018

\*Figures Above Represent Percentage Increase Compared to 1992 Data.

Below are multifamily properties that have sold in 2018:

- Village Square North (34 units) for \$800,000 or \$23,529 per unit
- Village Square South (92 units) for \$2,200,000 or \$23,913 per unit
- Tree Tops (184 units) for \$7,080,000 or \$38,478 per unit

The chart shows the increase in rental rates compared to changes in the Consumer Price Index (CPI). These figures represent the annual compounded percentage change compared to 1992 data. Since 1992, rental rates have increased at a faster rate on average than CPI. Over the past year, rental rates increased 2.4% while the CPI rose 1.5% during the same period.



## SINGLE-FAMILY RESIDENTIAL HOUSING - NEW DEVELOPMENT

The market survey includes 108 subdivisions, selected to represent the development of new single-family home subdivisions in the Shreveport-Bossier City area. This is not intended to represent the entire single-family market, but provides a good representation of market activity by reporting development within new single-family subdivisions. Data is drawn from public records for reported home and lot sales.

The combined Shreveport-Bossier City fourth quarter year to date permit value decreased 18.4% compared to fourth quarter 2017. The combined fourth quarter total permits decreased 8.1% compared to the same period in 2017. The following table displays a history of the building permit activity in total dollars and number of permits for 2013 through the fourth quarter of 2018.

SINGLE FAMILY BUILDING PERMIT VALUE AND VOLUME						
SHREVEPORT	2013	2014	2015	2016	2017	2018*
Permits, Value**	\$48.8	\$58.5	\$52.9	\$52.2	\$62.5	\$43.9
Permits, Number	199	232	245	200	260	223
BOSSIER CITY						
Permits, Value**	\$46.7	\$43.0	\$36.2	\$40.8	\$36.9	\$37.2
Permits, Number	277	265	242	258	223	221
COMBINED						
Permits, Value**	\$95.5	\$101.5	\$89.1	\$93.0	\$99.4	\$81.1
Permits, Number	476	497	487	458	483	444

Source: Shreveport & Bossier City Permits Offices \*2018 data represents 4th quarter year-to-date figures (\*\*In millions of dollars)

The building permit data represents the total area new home construction through the fourth quarter of 2018. The table below, "Houses and Lots Sold," presents the number of sales and average home price from the 108 subdivisions with new construction.

Below is a list of emerging subdivisions being monitored for inclusion in the survey:

- Windwood Estates - Blanchard
- South Wind - Greenwood
- Esplanade - SE Shreveport
- Cedar Square - SW Shreveport
- The Crossing - North Bossier City
- Three Creeks - Benton
- Twin Lake Estates - Benton

HOUSES AND LOTS SOLD	2013	2014	2015	2016	2017	2018*
Houses Sold	1,572	1,744	1,773	1,749	1,767	1,880
Average Price	\$249,644	\$250,680	\$250,555	\$249,453	\$247,059	\$252,870
Lots Sold	694	564	610	490	333	378
Average Price	\$48,901	\$51,439	\$45,571	\$50,383	\$45,831	\$54,644

Source: U.L. Coleman Properties, LLC, Quarterly Market Report

Note: The data is based on house and lot sales in 108 newly developed subdivisions. The entire market is not represented.

\*2018 Data represents 4th quarter year-to-date.

Below is a list of subdivisions added to the survey since 2015:

- Riverscape Garden Homes - Shreveport
- Lucky Estates - Bossier City



## OFFICE MARKET

**Downtown:** U.L. Coleman Properties, LLC conducts surveys at the end of the first and third quarter of each year. The survey includes 20 multi-tenant office buildings, comprising 2.1 million rentable square feet in the Shreveport Central Business District; 509,769 square feet are vacant. Below are downtown buildings that have sold recently:

### 2017 Inventoried Properties:

- Spring Street Plaza (16,904 sf) located at 800 Spring Street sold for \$1.3 million or \$74.68 per square foot.

**Suburban:** The suburban market incorporates 41

multi-tenant office buildings with a total of 1.7 million square feet of rentable space; 188,962 square feet are vacant. There have been no sales of surveyed suburban office properties as of fourth quarter 2018; however, there have been five suburban office sales of interest that are listed below:

- 1945 E. 70th (3,234 sf) for \$368,500 or \$113.95 per square foot
- 1945 E. 70th (1,658 sf) for \$200,000 or \$120.63 per square foot
- 2640-2642 Youree (44,256 sf) for \$2,000,000 or \$45.19 per square foot
- 1011 Chinaberry (17,000 sf) for \$1,750,000 or \$102.94 per square foot
- 1008 Professional (15,515 sf) for \$550,000 or \$35.45 per square foot

DOWNTOWN OFFICE MARKET	2013	2014	2015	2016	2017	2018*
Occupancy	83.1%	80.0%	80.4%	79.2%	79.5%	75.3%
Upper Rent, Avg.	\$13.53	\$13.26	\$13.22	\$14.15	\$14.34	\$14.06
Lower Rent, Avg.	\$12.72	\$12.32	\$12.72	\$13.23	\$12.20	\$12.06

### SUBURBAN OFFICE MARKET

Occupancy	85.0%	84.1%	84.3%	88.7%	91.3%	87.5%
Upper Rent, Avg.	\$14.70	\$15.25	\$16.10	\$15.13	\$15.35	\$15.01
Lower Rent, Avg.	\$14.02	\$13.88	\$13.52	\$14.40	\$14.39	\$14.24

Source: U.L. Coleman Properties, LLC, Quarterly Market Report

Note: Office sampling is done in the 1st and 3rd quarters.

\*As of the 3rd quarter, 2018



## RETAIL MARKET

The retail market is comprised of four categories: regional, community, neighborhood, and specialty shopping centers. The current survey contains 59 retail centers, comprising 7.4 million rentable square feet.

The accompanying table provides the individual shopping center types by occupancy and range of rental rates. Rates are quoted by managers who often quote a range of rents that encompass larger and smaller lease spaces. Below are properties that have sold recently:

RETAIL OCCUPANCY BY TYPE	2013	2014	2015	2016	2017	2018*
Regional	96.6%	94.5%	92.3%	93.4%	99.7%	64.7%
Community	92.5%	91.3%	93.5%	92.8%	93.8%	90.4%
Neighborhood	93.9%	94.5%	89.7%	90.7%	91.1%	88.8%
Specialty	88.1%	86.6%	84.0%	90.5%	89.5%	84.0%

### RETAIL RENTAL RANGE BY TYPE

Regional	High:	\$18.00	\$18.00	\$18.00	\$37.50	\$25.00	\$30.00
	Low:	\$12.00	\$12.00	\$12.00	\$17.50	\$25.00	\$17.50
Community	High:	\$15.73	\$15.38	\$12.23	\$13.13	\$16.23	\$13.11
	Low:	\$11.34	\$13.30	\$9.20	\$7.78	\$7.92	\$9.25
Neighborhood	High:	\$14.81	\$15.06	\$14.97	\$14.18	\$13.50	\$13.47
	Low:	\$13.31	\$13.28	\$12.75	\$12.48	\$11.34	\$10.09
Specialty	High:	\$15.66	\$16.17	\$15.70	\$16.13	\$17.15	\$16.80
	Low:	\$14.63	\$15.28	\$14.74	\$15.04	\$14.74	\$15.10

Source: U.L.Coleman Properties, LLC Quarterly Market Report \*As of the 4th quarter, 2018

### 2017 Inventoried Properties:

- Shreve City Shopping Center (312,655 sf) for \$21,348,364 or \$68.28 per sf
- Eastside Plaza (53,126 sf) for \$9,050,000 or \$170.35 per sf

### 2016 Inventoried Properties:

- Northwood Shopping Center (20,848 sf) for \$3,564,000 or \$170.95 per sf

### 2015 Inventoried Properties:

- Shoppes at Bellemead (100,024 sf) for \$24,150,000 or \$241.44 per sf
- Bossier Corners Shopping Center (138,909 sf) for \$14,075,000 or \$101.33 per sf
- North Market Place Shopping Center (88,205 sf) for \$7,000,000 or \$79.36 per sf
- Regal Court (347,759 sf) for \$50,363,636 or \$144.82 per sf



## INDUSTRIAL MARKET

The industrial market is comprised of two categories: office/service center and bulk warehouse. The current survey contains 73 properties of which 15 are office/service centers and 58 are bulk warehouses. The quarterly survey now samples 448,631 square feet of office/service center space, and 7,643,076 square feet of bulk warehouse space. The table is provided to illustrate trends in occupancy and rental rates from 2013 through fourth quarter 2018.

OFFICE/SERVICE CENTER	2013	2014	2015	2016	2017	2018*
Occupancy	86.2%	84.9%	91.7%	91.6%	84.1%	89.6%
Upper Rent, Avg.	\$6.41	\$6.32	\$7.12	\$7.12	\$7.00	\$6.50
Lower Rent, Avg.	\$5.89	\$5.73	\$6.75	\$6.75	\$5.25	\$5.10

### MULTI-TENANT BULK WAREHOUSE

Occupancy	55.3%	59.9%	72.7%	79.8%	81.4%	91.3%
Upper Rent, Avg.	\$2.81	\$2.73	\$2.96	\$2.85	\$3.18	\$3.62
Lower Rent, Avg.	\$2.77	\$2.73	\$2.81	\$2.51	\$2.55	\$3.34

Source: U.L.Coleman Properties, LLC Quarterly Market Report \*As of the 4th quarter, 2018



## LOCAL ECONOMIC UPDATE (SELECTED FACTS)

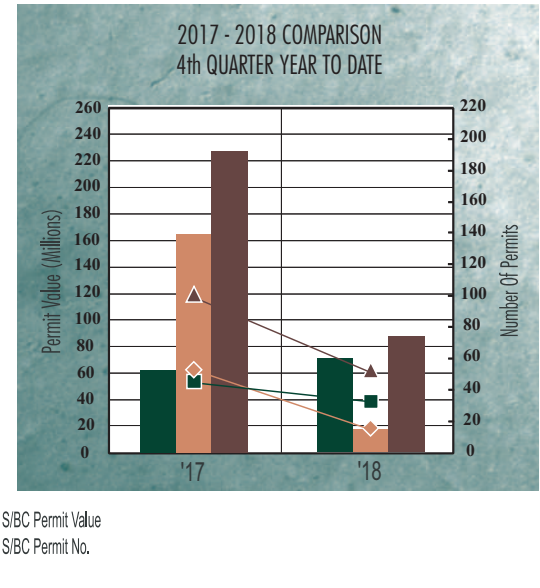
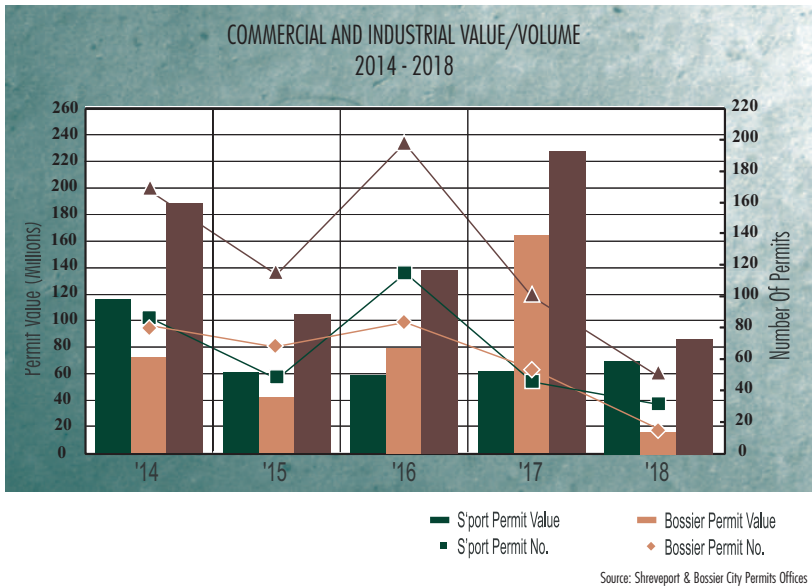
**Population:** This table provides a three-decade review of the population statistics for the Shreveport-Bossier City area and compares them with state and national figures. 2017 population forecasts have been added for the same purpose.

**Bankruptcy:** Shreveport-Bossier City commercial bankruptcies for 2018 increased 20.0% from 2017. Shreveport-Bossier City personal bankruptcies for 2018 decreased 6.5% from 2017.

POPULATION (IN 1,000's)	1990	2000	2010	2017*
United States	248,765	281,422	308,746	325,719
% Change From Prior Period	9.8%	13.1%	9.7%	5.5%
Louisiana	4,220	4,469	4,533	4,684
% Change From Prior Period	0.3%	5.9%	1.4%	3.3%
Shreveport	198.5	200.1	199.3	192.0
% Change From Prior Period	(3.5%)	0.8%	(0.4%)	(3.7%)
Bossier City	52.7	56.5	61.3	68.6
% Change From Prior Period	3.7%	7.1%	8.6%	11.8%
Caddo Parish	248.3	252.1	255.0	246.6
% Change From Prior Period	(1.6%)	1.5%	1.2%	(3.3%)
Bossier Parish	86.1	98.4	117.0	127.6
% Change From Prior Period	6.7%	14.3%	18.9%	9.1%
Caddo and Bossier Combined	334.3	350.5	372.0	374.2
% Change From Prior Period	0.4%	4.8%	6.1%	0.6%

Source: U.S. Bureau of the Census, 2010 Census of Population and Housing  
\*2017 population data is forecasts from U.S. Bureau of the Census

**Commercial Construction:** The charts illustrate construction activity in both cities from 2013 through the fourth quarter 2018. Comparing the fourth quarter year to date totals for 2018 versus 2017, the total number of commercial and industrial construction permits issued decreased 47.5%. During the same period, the dollar value of commercial construction permits issued increased 13.8% in Shreveport and decreased 89.5% in Bossier City. The result was a 61.4% overall decrease in commercial construction permit value. Comparing the 2018 to 2017 fourth quarter year to date totals, the number of permits decreased from 99 to 52, while the total dollar value of permits decreased from \$227.8 million to \$88.0 million.



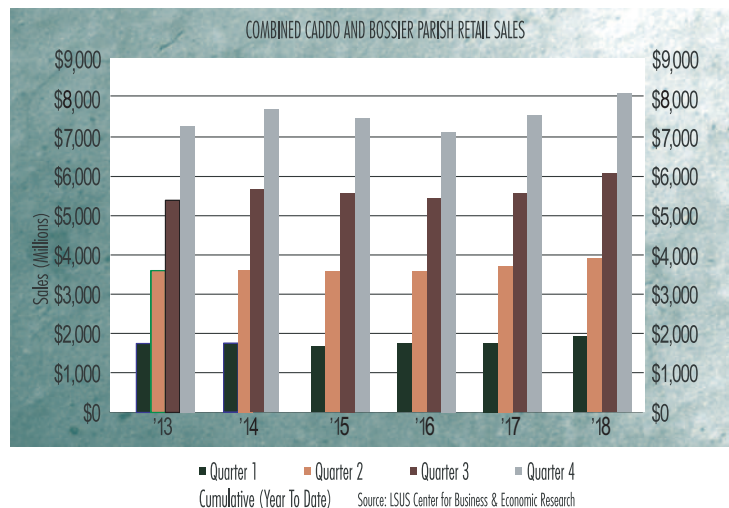
**Employment:** The accompanying table provides employment and unemployment data for Caddo/Bossier MSA, Louisiana, and U.S. figures from 2013 through the fourth quarter of 2018.

Year (As of end of the year)	2013	2014	2015	2016	2017	2018*
<b>Caddo / Bossier MSA*</b>						
Labor Force (1,000's)	200.3	199.7	188.6	187.0	187.4	184.1
Number Employed (1,000's)	182.8	184.3	178.2	176.3	179.3	175.5
Unemployment Rate	5.0%	6.5%	5.5%	5.7%	4.3%	4.7%
Louisiana Unemployment Rate	5.4%	6.7%	6.1%	6.0%	4.7%	4.9%
United States Unemployment Rate	6.7%	5.6%	5.0%	4.7%	4.1%	3.9%

Source: Louisiana Department of Labor, Office of Employment Security \*As of the 4th quarter, 2018  
\*MSA includes Caddo, Bossier, DeSoto, and Webster Parishes

**Riverboat Casinos:** Casino River boat admissions decreased 3.5% from the fourth quarter of 2017 to the fourth quarter of 2018. Casino revenues decreased 0.2% during the same period.

**Retail:** Retail sales for the fourth quarter of 2018 increased 3.6% compared to 2017. In the fourth quarter of 2018, retail sales for Caddo Parish increased 1.3% and Bossier Parish retail sales increased 8.5% compared to 2017. The chart provides annual retail sales through the fourth quarter of 2018.



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