

# COMMERCIAL REAL ESTATE REVIEW

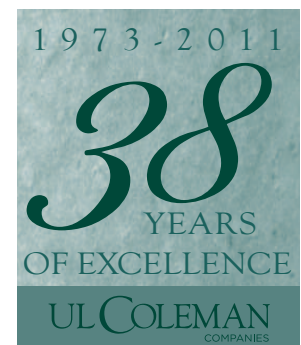
U.L. COLEMAN COMPANIES

IREM MACY AWARD WINNING NEWSLETTER

SPRING 2011

## THE U.L. COLEMAN COMPANIES

The U. L. Coleman Companies have served the Louisiana and Texas markets for 38 years in the areas of Real Estate Brokerage, Leasing, Property Management, Asset Management, Market Research, Consulting, Commercial, Industrial, Multifamily, Development, and Construction Services. As a result of this experience, we have compiled market information 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 information quoted by building owners and managers and other sources as noted, and is factual and historical. No forecasts or conclusions are made.

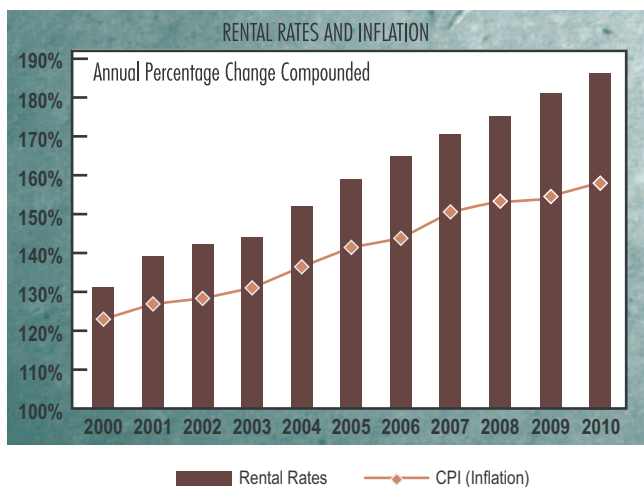


## APARTMENT MARKET

The Shreveport-Bossier City area apartment occupancy was 96.0% at the end of the fourth quarter 2010, an increase of 1.3% when compared to the fourth quarter of 2009. Our apartment market survey examines 99 properties in the Shreveport-Bossier City area containing 17,828 units. Market-wide rental rates increased from \$0.772 per square foot to \$0.800 per square foot from the fourth quarter 2009 to the fourth quarter 2010.

The most recent addition to the multi-family property survey, The Residences at Spring Ridge, located in southwest Shreveport, opened during the second quarter of 2009. The Residences at Spring Ridge is located at the corner of Dean Road and Bert Kouns Industrial Loop.

Ten apartment properties were reclassified as of the first quarter of 2005. This is the first reclassification of the apartment properties since March 2001. Factors affecting reclassification include, but are not limited to, rental rates, age of property, and overall condition. Due to the reclassification, the following changes are reflected in the data as of the first quarter of 2005: Class A increased 18% or 256 units; Class B decreased 20% or 1,299 units; Class C increased 26% or 1,376 units; and Class D decreased 14% or 440 units. One apartment complex totaling 223 units was removed from the survey. This complex no longer met the criteria for market rate apartments.



Source: U. L. Coleman Properties, LLC, Quarterly Market Report (Rates) U. S. Department of Labor (CPI)  
2010 Rates as of the 4th quarter, 2010

The chart shows the increase in rental rates compared to changes in the Consumer Price Index (CPI), with the rates rising 3.6% over the past year, while the CPI rose 2.0% during the same period.

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## SINGLE-FAMILY RESIDENTIAL HOUSING - NEW DEVELOPMENT

As of the end of the fourth quarter 2010, a total of 730 new home permits were issued in the Shreveport-Bossier City combined market, a 9.4% increase compared to the same period in 2009. During the fourth quarter of 2010, 142 permits for new homes were issued, compared to 159 permits in the same time period of the previous year. The following table displays a history of the building permit activity in value and number for 2004 through the fourth quarter of 2010.

SINGLE FAMILY BUILDING PERMIT VALUE AND VOLUME							
<b>SHREVEPORT</b>							
Permits, Value**	2004	2005	2006	2007	2008	2009	2010*
Permits, Number	562	547	705	568	349	282	341
<b>BOSSIER CITY</b>							
Permits, Value**	\$72.1	\$85.6	\$81.5	\$66.0	\$50.5	\$54.8	\$56.0
Permits, Number	493	540	519	393	332	385	389
<b>COMBINED</b>							
Permits, Value**	\$178.0	\$194.0	\$208.5	\$169.7	\$118.6	\$123.5	\$137.3
Permits, Number	1,055	1,087	1,224	961	681	667	730

Source: LSUS Center for Business & Economic Research \*2010 data represents 4th quarter year-to-date figures (\*\*In millions of dollars)

below, "Houses and Lots Sold," presents sales from the 82 subdivisions with new construction. Windermere subdivision, in southwest Shreveport was added to the inventory in the third quarter of 2009. Provenance subdivision, in southeast Shreveport was added to the inventory in the second quarter of 2009.

Four new subdivisions were added to our market survey during 2007. Pines Edge in southwest Shreveport was added to the inventory in the third quarter of 2007. Cottage Ridge in southeast Shreveport and Tuscan Crossing in Haughton were added during the second quarter. River Brooke in southeast Shreveport was added to the survey during the first quarter 2007. The new housing market is up slightly as of the fourth quarter of 2010, with home prices averaging \$232,316 and lot prices averaging over \$40,500. We will continue to monitor the development of new subdivisions and their impact on the market.

HOUSES AND LOTS SOLD	2004	2005	2006	2007	2008	2009	2010*
Lots Sold	813	1,086	1,464	907	514	442	656
Average Price	\$35,715	\$37,142	\$32,958	\$38,201	\$41,095	\$42,935	\$40,554
Houses Sold	1,536	1,937	2,148	1,888	1,369	1,585	1,549
Average Price	\$203,683	\$213,530	\$215,773	\$221,111	\$230,145	\$222,691	\$232,316

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

Note: The data are based on house and lot sales in 82 newly developed subdivisions. The entire market is not represented.

\*2010 data represents 4th quarter year-to-date



## OFFICE MARKET

**Downtown:** U. L. Coleman Company, Ltd. conducts surveys, at the end of the first and third quarter of each year, of the 21 multi-tenant office buildings composing 2.14 million rentable square feet in the Shreveport Central Business District. The latest survey indicates an overall occupancy rate of 91%, which remained the same compared to third quarter of 2009. Average rental rates range from \$12.72 to \$14.55 per square foot.

No surveyed downtown office buildings have sold during 2010. One surveyed downtown office building sold during 2008, with none sold in 2009.

**Suburban:** The suburban market incorporates 42 multi-tenant office buildings with a total of 1.70 million square feet of rentable space, including 230,029 vacant square feet. The suburban office building market indicates an overall occupancy rate of 86%, which remained the same compared to third quarter of 2009. Rental rates increased during this period, with a \$0.42 per square foot increase in the average rent quoted.

DOWNTOWN OFFICE MARKET	2004	2005	2006	2007	2008	2009	2010*
Occupancy	82%	82%	88%	91%	88%	91%	91%
Upper Rent, Avg.	\$10.61	\$11.03	\$11.74	\$12.50	\$12.92	\$13.16	\$12.72
Lower Rent, Avg.	\$9.65	\$10.11	\$10.74	\$10.90	\$11.12	\$10.81	\$14.55

### SUBURBAN OFFICE MARKET

Occupancy	84%	83%	87%	85%	88%	86%	86%
Upper Rent, Avg.	\$12.72	\$12.86	\$13.14	\$13.74	\$13.65	\$14.37	\$14.60
Lower Rent, Avg.	\$11.21	\$11.85	\$12.21	\$12.49	\$12.50	\$13.16	\$13.78

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

Note: Occupancy rates are for the end of the 1st quarter; office sampling is done in the 1st and 3rd quarters.

\*As of the 3rd quarter, 2010

# RETAIL MARKET

Occupancy for the overall retail market was 91.3% in the fourth quarter of 2010. There was one sale of inventoried property during the second quarter of 2010. Regal Court Shopping Center located at 7451 Youree Drive was sold for \$43,453,000 or \$119.69 per square foot. One new property was added to the survey in the fourth quarter of 2010, Stockwell Professional Plaza, a 25,000 square foot specialty center on Stockwell Road in North Bossier City. One new property was added to the survey in the fourth quarter of 2009. River Crest is a 25,640 square foot center located on Barksdale Boulevard in south Bossier. Phases II-IV at Stirling Bossier were also added in the fourth quarter of 2009 for an increase of 107,995 square feet. Stirling Bossier, located at I-220 and Airline Drive, opened in the fourth quarter of 2007 and included tenants such as Target, Best Buy, Olive Garden, Belk, Ross, Bed Bath & Beyond and many others. Two properties were added to the survey in the second quarter of 2008. Airline Plaza, a 21,400 square foot Specialty Center on Airline Drive in north Bossier has Monjunis, Unique Allure, and Bath Junkie among its tenants. Airline Marketplace, a 21,873 square foot Specialty Center, also in north Bossier, has Supercuts, Gatti's Pizza, and Hertz among its tenants.

RETAIL OCCUPANCY BY TYPE	2004	2005	2006	2007	2008	2009	2010*
Regional	89%	94%	92%	90%	90%	93%	95%
Community	84%	93%	94%	95%	94%	93%	92%
Neighborhood	88%	89%	89%	88%	83%	90%	90%
Specialty	89%	89%	89%	86%	86%	89%	86%

RETAIL RENTAL RANGE BY TYPE		2004	2005	2006	2007	2008	2009	2010*
Regional	High:	\$15.33	\$17.00	\$23.00	\$23.00	\$23.00	\$17.00	\$6.00
	Low:	\$10.67	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$6.00
Community	High:	\$13.43	\$11.43	\$11.64	\$16.10	\$16.45	\$15.00	\$14.69
	Low:	\$8.78	\$9.52	\$10.06	\$13.88	\$15.12	\$13.19	\$13.56
Neighborhood	High:	\$12.25	\$12.88	\$14.50	\$15.61	\$14.25	\$15.28	\$14.97
	Low:	\$11.25	\$11.63	\$14.17	\$13.86	\$12.20	\$12.94	\$12.53
Specialty	High:	\$10.90	\$14.58	\$14.66	\$15.68	\$15.32	\$16.10	\$16.08
	Low:	\$10.26	\$13.67	\$12.73	\$14.81	\$14.13	\$15.27	\$15.54

Source: U.L.Coleman Properties, Ltd. Quarterly Market Report \*As of the 4th quarter, 2010

The accompanying table shows the performance of individual retail types by occupancy and range of rental rates. Rates are quoted by managers who often quote a range of rents that encompasses larger and smaller lease spaces.

# INDUSTRIAL MARKET

The industrial market is comprised of two categories: office/service center and multi-tenant warehouse. Five Bossier City bulk warehouses were added to the survey in the fourth quarter of 2010 for a total of 140,130 square feet. The current survey contains 84 properties of which 67 are bulk warehouses and 17 are office/service center properties. The quarterly survey now samples 502,631 square feet of office/service center space, and 7,618,623 square feet of bulk warehouse space. The lower than average bulk warehouse occupancy is due to a number of large buildings at the Slack Industrial Park having available space during this period. The table is provided to show trends in rental rates and occupancy for these two property types from 2004 through the fourth quarter 2010.

OFFICE/SERVICE CENTER	2004	2005	2006	2007	2008	2009	2010*
Occupancy	86%	94%	86%	89%	82%	90%	95%
Upper Rent, Avg.	\$7.02	\$5.49	\$6.89	\$6.27	\$5.39	\$4.93	\$6.25
Lower Rent, Avg.	\$6.20	\$5.06	\$6.45	\$5.77	\$5.01	\$4.00	\$5.55

MULTI-TENANT BULK WAREHOUSE	2004	2005	2006	2007	2008	2009	2010*
Occupancy	92%	88%	31%	69%	69%	62%	59%
Upper Rent, Avg.	\$3.24	\$3.05	\$3.81	\$2.55	\$2.46	\$2.78	\$2.76
Lower Rent, Avg.	\$3.10	\$2.83	\$2.88	\$2.55	\$2.46	\$2.64	\$2.72

Source: U.L.Coleman Properties, Ltd. Quarterly Market Report \*As of the 4th quarter, 2010

# LOCAL ECONOMIC UPDATE (SELECTED FACTS)

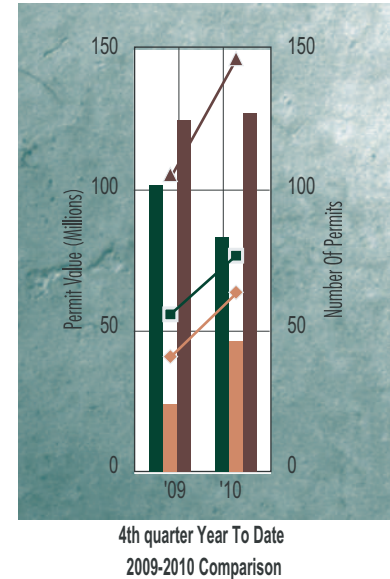
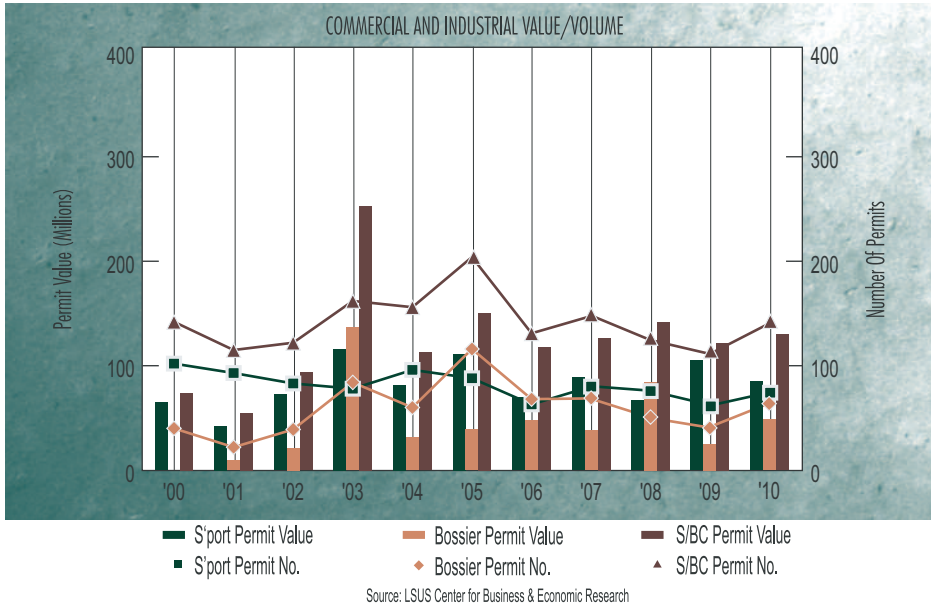
**Population:** This table provides a three-decade review of the population statistics for the Shreveport-Bossier City area, and compares them with state and national figures.

It is noteworthy when comparing 2010 figures to the 2000 census data that while the population of the State of Louisiana has increased only 1.4%, the population of Caddo and Bossier Parishes combined has increased 6.1%. The 2010 Shreveport population decreased by 0.4% while Bossier City population increased by 8.6% in comparison to the 2000 census data.

POPULATION (IN 1,000's)	1980	1990	2000	2010
United States	226,546	248,718	281,422	308,746
% Change From Prior Period	11.4%	9.8%	13.1%	9.7%
Louisiana	4,206	4,220	4,469	4,533
% Change From Prior Period	15.4%	0.3%	5.9%	1.4%
Caddo Parish	252.4	248.3	252.2	255.0
% Change From Prior Period	9.7%	(1.6%)	1.6%	1.1%
Bossier Parish	80.7	86.1	98.3	117.0
% Change From Prior Period	26.7%	6.7%	14.2%	19.0%
Caddo and Bossier Combined	333.1	334.3	350.5	372.0
% Change From Prior Period	13.4%	0.4%	4.8%	6.1%

Source: Department of Commerce, Bureau of the Census, Louisiana Tech University, College of Administrative Research Division, and CCIM Institute. 2010 percentage changes are compared to 2000 data.

**Commercial Construction:** Comparing the fourth quarter year to date totals for 2010 to 2009, the total number of commercial and industrial construction permits increased by 37.9%. During the same period, the dollar value of commercial construction permits issued was down 19.6% in Shreveport, and up 114.5% in Bossier City. The result was a 4.2% overall increase in commercial construction permit value. The chart shows the history of commercial construction activity in both cities through the fourth quarter 2010. Comparing the 2010 and 2009 fourth quarter year to date totals, the number of permits increased from 103 to 142, while the total dollar value of permits increased from \$123.9 million to \$129.1 million.

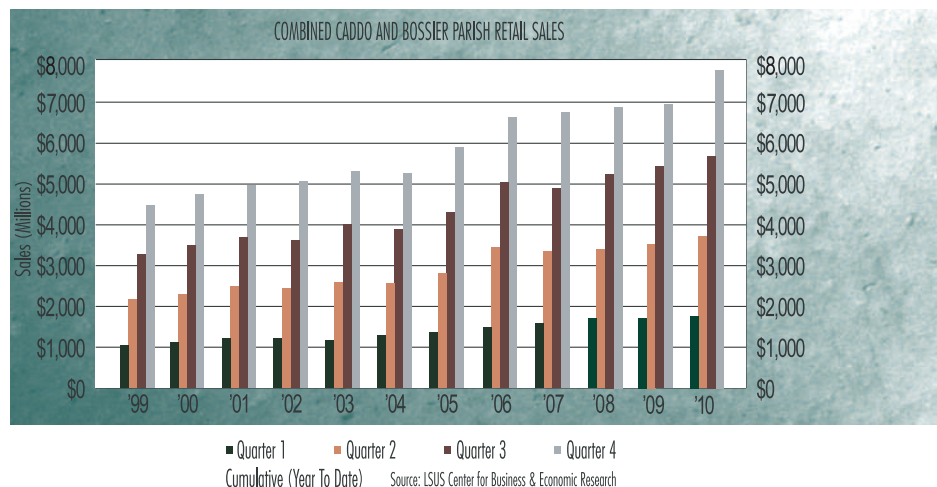


**Employment:** At the end of the fourth quarter of 2010, preliminary figures showed the combined Caddo and Bossier Parish labor force to be 184,000, with 171,900 employed, resulting in an unemployment rate of 6.6%. The accompanying table shows employment figures since the end of 2004, and compares local unemployment with state and national figures.

Year (As of end of the year)	2004	2005	2006	2007	2008	2009	2010*
Labor Force (1,000's)	185.0	170.7	180.6	181.1	183.4	180.5	184.0
Number Employed (1,000's)	175.0	162.7	173.7	174.3	171.8	169.1	171.9
Caddo/Bossier MSA Unemployment Rate	5.7%	4.7%	3.8%	4.1%	6.4%	7.1%	6.6%
Louisiana Unemployment Rate	5.6%	6.4%	4.3%	3.8%	5.5%	7.2%	8.0%
United States Unemployment Rate	5.4%	4.9%	4.5%	4.8%	7.1%	9.7%	9.4%

Source: Louisiana Department of Labor, Office of Employment Security \*As of the 4th quarter, 2010

**Retail:** Retail sales for the fourth quarter of 2010 increased by 4.2% compared to 2009. In the fourth quarter of 2010, retail sales for Caddo Parish were up 2.5%, while Bossier Parish retail sales were up 7.6% compared to 2009. The accompanying chart shows annual retail sales through the fourth quarter 2010.



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