

BATON ROUGE RETAIL MARKET OVERVIEW
TRENDS IN REAL ESTATE 2004

Presented by

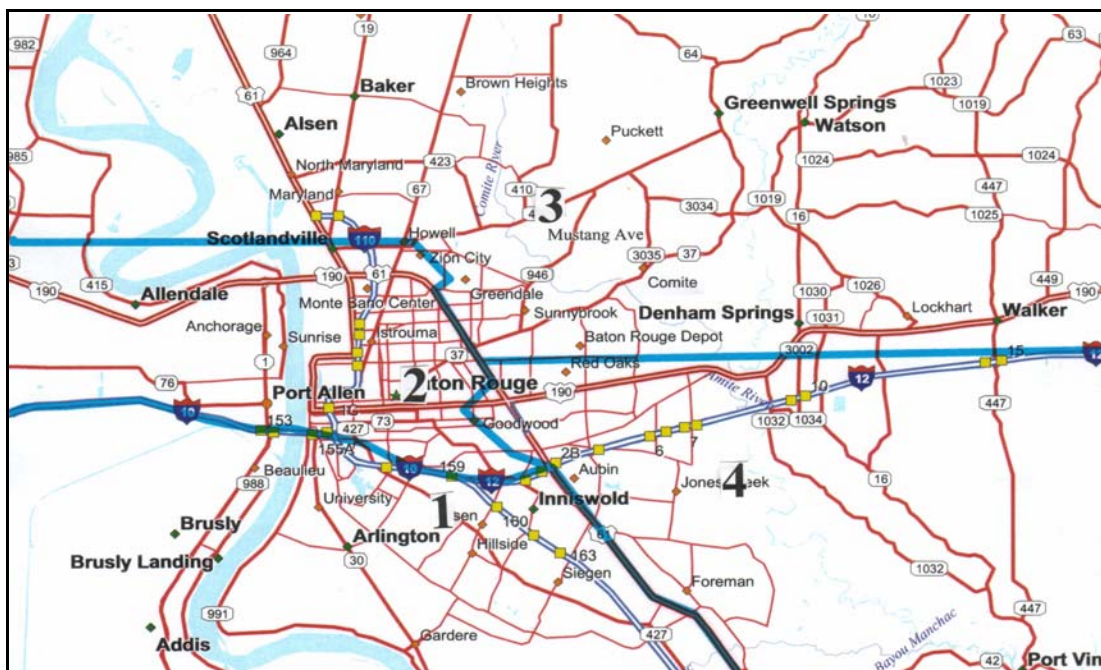
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The Baton Rouge retail market has seen significant changes in the last 36 month period. Vacancy rates have fallen and rental rates have improved. The overall retail market has been subdivided into four separate areas, as designated by the Louisiana State University Real Estate Research Institute. Please refer to the map below delineating the these areas. The greatest improvement in occupancy came in Area 1 which includes the Southeast Baton Rouge corridor. Vacancy rates have fallen from a high in October 2001 of 15.94% to 6.20% in March 2004. Additionally, rental rates have improved. All areas saw improvement in rents. The greatest coming in Area 1 with an increase from October 2001 to March 2004 of \$3.50 per square foot.

The total market has also seen improvement. That is to say, the entire sample (Areas 1 thru 4) showed a decrease in vacancy from October 2001 to March 2004 of 5.67%. Additionally, the total market showed an improvement in rental rates during the same time period of \$2.47 per square foot. Vacancy and rental rates are noted below:

Summary of Vacancy and Rental Rates	Area	1	2	3	4	Total
Vacancy	Date of Survey	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
	10/01/01	15.94%	15.67%	13.45%	17.07%	16.13%
	10/01/02	8.90%	15.67%	18.53%	10.86%	11.39%
	03/01/04	6.20%	12.79%	16.60%	12.51%	10.46%
Change 2001 to 2004		-9.74%	-2.88%	3.15%	-4.56%	-5.67%
Average Rent Per Square Foot	Date of Survey	Rental Rate Per SqFt	Rental Rate Per SqFt	Rental Rate Per SqFt	Rental Rate Per SqFt	Rental Rate Per SqFt
	10/10/01	\$12.93	\$10.54	\$6.70	\$10.23	\$10.65
	10/01/02	\$15.52	\$12.02	\$7.61	\$12.00	\$12.56
	03/01/04	\$16.43	\$12.21	\$8.59	\$12.12	\$13.12
Change 2001 to 2004		\$3.50	\$1.67	\$1.89	\$1.89	\$2.47



The increase in rental rates and decrease in vacancy rates has come with the growth of new retail development in East Baton Rouge Parish. East Baton Rouge Parish Department of Public Works indicates building permits have risen for the retail category. The stores and other mercantile category indicates that there has been between \$30 million and \$50 million of new retail development per year over the last four years. Permit information with regard to residential construction, retail construction, and construction in all categories is presented below:

East Baton Rouge Parish Building Permits	2000	2001	2002	2003
Residential				
\$ Amount	\$97,868,821	\$122,285,336	\$128,520,845	\$163,072,160
Number	1,832	2,343	2,121	2,581
Stores-Other Mercantile				
\$ Amount	\$56,668,216	\$34,419,065	\$31,256,863	\$54,362,878
Number	105	75	72	121
All Categories				
\$ Amount	\$381,308,186	\$409,420,878	\$441,693,034	\$480,600,388
Total	23,087	22,674	22,584	24,246

Based upon historical information and proposed new construction, it is likely that the Baton Rouge Metropolitan Area's retail market should continue to improve. New construction has been readily absorbed. Future trends are projected to include increases in rents and relatively stable vacancy rates.