

Rods Radio Show Notes

Friday October 19th 2012

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You can participate in the show by calling 318-442-8255 (talk) between 8:05 and 8:55 on Wednesday morning. Do not attempt to call Saturday this is our encore performance (fancy way to say taped).

I was in Las Vegas Earlier Part of the Week:

National Meeting for Commercial Realtors around the world CCIM. Monday was the final exam and Louisiana had six new CCIM designees Matt Ritchie and I were at the reception to pin them. I will have the list of six new CCIM designees from Louisiana next week. I whet to South Carolina / LSU game got home around 1:30 am and left for Las Vegas Sunday got back Wednesday night around 8:00 PM.

Some of the things I learned and heard are not time sensitive and I will be reporting details over the next few shows. Could be Bobbi Walker (not sure of her married name) who is the daughter of Soozie Jones Walker CCIM and faculty member from Las Vegas will call the show either today or next week. Bobbi was in charge of the conference and it is 6:00 AM her time

Speakers Included:

Mayor of Las Vegas Carolyn Goodman
James Murren CEO of MGM and development manager for City Center
Dr. Mark G. Dotzour chief economist for Texas A&M real estate department
Mark Vitner head economist for Wells Fargo

Attached to my notes is Phd. Loren Scott presentation to annual economic forecast in Baton Rouge last week. Will report some of the details in later shows.

Every Deal has a Tale / Tail:

Dean Bentley, LLC to Hotel Bentley of Alexandria, LLC - 1.045 acres described as Sq 9, City of Alex. (200 DeSoto St., Alex., LA 71301), \$3,400,000. While I was still the owner of Noles-Frye Realty Gary McKay wrote a purchase agreement for \$5,000,000 all cash for the Bentley and I delivered it to Bob Dean. This was approximately 4 years ago and Dean

turned down the offer and has been paying debt on \$4,000,000 mortgage all that time. By turning down the McKay offer it probably cost Bob Dean \$3,500,000.

JRT of Louisiana, Inc. (P O Box 12275, Alex., LA 71315) to Antoon Properties II, LLC (P O Box 222, Alex., LA 71309) - Lot 136, Fairfield Subd., Phase IV, et al (100 Belleau Wood Blvd., Alex., LA 71303), \$245,000.00. Antoon Properties II, LLC (5300 Bayou Rapides Road, Alex., LA 71303) to Red River Bank (1412 Centre Court, Alex., LA 71301) - Lot 136, Fairfield Subd., Phase IV, et al (100 Belleau Wood Blvd., Alex., LA 71303), \$641,000.00. Tommy has purchased the remaining inventory both developed and undeveloped that John Rodth owned in Fairfield.

BATSC, LLC Vercher & Volman (P O Box 1110, Alex., LA 71309) to RDK Properties, LLC Richard Kyle (1423 Lee St., Alex., LA 71301) - Part of Lot 12, R C Baker Subd., \$522,000.00. Former H&E location on Industrial drive presently leased to national trucking company address is 3302 Industrial drive consist of 1.85 acres. Richard owns property on both sides which brings him to Sterkx on one side and one parcel from the corner of Lee Street.

The Romero Corp. (P O Box 5545, Alex., LA 71307) to Kisatchie Corp. (P O Box 1438, Winnfield, LA 71483) - .863 acres in Sec 33, T4NR1W, \$404,000.00. Teddy Rae Price is now in the home health care business and this is the headquarters for that division.

Fred H & Robin M Ruggles to Randy D Greene (1718 Metro Dr., Alex., LA 71301) - .369 acres in Sec 26, T4NR1W, \$134,370.28. This is a parcel on 28 West with 60.58' frontage with depth of 250' appears to be land on East side of shopping center where detail car business is located.

Nursery Sale 3rd Week in a Row:

Chome & Phounsavanh X Riengxay (121419 Hwy. 165 South, Glenmora, LA 71433) to Ricky D & Dana M Elliott (P O Box 434, Forest Hill, LA 71430) - 39.97 acres in Sec 27 & 28, T1SR2W, \$175,000.00

Construction Contracts:

Military Dept., State of LA to Tudor, Inc. (1412 Centre Court, Suite 500, Alex., LA 71315) - Construct new fire arms training simulator, Camp Beauregard Range Central, Pineville, LA, \$500,000.00

Real Estate Mortgages Above \$1,000,000:

GCM, LLC Fred Ruggles (6320 Coliseum Blvd., Alex., LA 71303) to Southern Heritage Bank (5211 Jackson St., Alex., LA 71303) - 1.941 acres in Sec 26, T4NR1W (6320 Coliseum Blvd., Alex., LA 71303), \$1,330,000.00. Strip center adjacent to LeGlue car dealership.

24K, LLC Mike Jenkins (201 Johnston St., Suite 101, Alex., LA 71301) to Red River Bank (1412 Centre Court, Alex., LA 71301) - Lots 1 & 4, Sq 12, Old Town Addn. (201 Johnston St., Alex., LA 71301), \$1,000,000.00. Commercial building at the corner of third and Johnston extends to Second Street.

(+5.00) Rod's Economic Indicator Perfect Score is 5:

When top rating of 5 appears week after week I will share with our audience, that "Green Shots" is here and recovery is in full swing.

Legal Recorder Data:

Five business days from October 8th through 12th

- (1) Total of 40 closed deals for the week has positive score
- (2) At least one new home sale for the week has positive score
- (3) At least one subdivision lot sale for the week garners positive score
- (4) Number of lender sales in market place is less than 5% of the total market sales for the week.

(+1.25) Total Weekly Volume:

\$7,943,199 with 39 transactions which rates positive score for the week. Three commercial sales totaled \$4,326,000 leaving balance of weekly volume at \$3,617,199.

(+1.25) Lot Sales:

To rank positive score need one sale market gave us two plus the sale out of Fairfield's remaining inventory to Tommy Antoon.

Commercial Partners, LLC (3219 Marye St., Alex., LA 71301) to Owen P Begnaud, et al (P O Box B, Grand Coteau, LA 70541) - Part of Lot 3, Elza Hebert Estates, \$30,000

Ballina Farms, Inc. (P O Box 12487, Alex., LA 71315) to Francisco R Diaz, Jr. (305 West Dem Dr., Alex., LA 71303) - Lot 177, Tennyson Oaks Subd., Phase 7E (6224 Windy Oaks,

Alex., LA 71301), \$72,000.00

(+1.25) New Home Sales:

Looking for one new home sale for positive score and market gave us two condo sales.

Weiland Enterprises, LLC (P O Box 1548, Alex., LA 71309) to Chawn M Texada (711 Toulouse St., Alex., LA 71303) - Lot 3-F, Village at Versailles Townhouses, Phase II-A (711 Toulouse St., Alex., LA 71303), \$169,000.00

Weiland Enterprises, LLC (P O Box 1548, Alex., LA 71309) to Deidre B Hughston (5117 Hunters Grove Lane, Alex., LA 71303) - Lot 3-E, Village at Versailles Townhouses, Phase II-A (709 Toulouse St., Alex., LA 71303), \$169,000.00

(+1.25) Lender Sales as Percent of Total Sales:

Rates positive score if lender sales are below 5% of total sales, this week market gave us one sale well below 5% bar $\$39,900 / \$7,943,199 = .005$ In the last three weeks only 3 foreclosed properties have been sold.

Federal National Mtg. Assoc. (14221 Dallas Parkway, Suite1000, Dallas, TX 75254) to Bryan M & Crystal L Norman (45 Nation Road, Deville, LA 71328) - Tract in Sec 9, T4NR3E, \$39,900.00

Buying Tip for the Week:

Any national bank accounts with foreclosed properties buy should deal with the listing agent. Very few investments in this market niche are purchased in a co-op deal.

Interest Rates:

30 year rate was 3.43% this week is 3.46%, the 15 year rate was 2.83% this week it is 2.84%, the 5/1 ARM was 2.99% now 2.99%.

Robert Kinberger Financial Comparisons:

Wall Street Calls them Indices

Indices

	Last	Last Week	YTD return %
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DJIA	13326.39	13575.36	9.08%
NASDAQ	3049.42	3149.458	17.05%%
S&P 500	1432.84	1461.4	13.93%
MSCI EAFE	1513.77	1529.15	7.17%
Russell 2000	829.78	844.65	11.99%

Consumer Money Rates

	Last	1-year ago
Prime Rate	3.25	3.25
Fed Funds	0.17	0.06
30-year mortgage	3.41	4.18

Currencies

	Last	1-year ago
Dollars per British Pound	1.604	1.560
Dollars per Euro	1.294	1.364
Japanese Yen per Dollar	78.380	76.720
Canadian Dollars per Dollar	0.978	1.030
Mexican Peso per Dollar	12.883	13.356

Commodities

	Last	1-year ago
Crude Oil	92.07	85.81

Gold	1769.60	1663.23
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Bond Rates

	Last	1-month ago
2-year treasury	0.25	0.23
10-year treasury	1.84	1.54
10-year municipal (TEY)	3.05	2.89

**THE LOUISIANA ECONOMIC
OUTLOOK: 2013 AND 2014**

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EXECUTIVE SUMMARY

Forecasts for the next two years for Louisiana are even more clouded in uncertainty than last year. The nation faces a "fiscal cliff" of tax increases and spending cuts in January unless the President and Congress take action. There is a presidential election

looming featuring two candidates with very different views about economic policy.

Uncertainty has created an angst in the business sector that is slowing economic growth. Louisiana is an energy-dependent state, so the direction of wildly varying oil and natural gas prices always adds another element of uncertainty to our economic stew.

Our background assumptions about the national economy are:

- While no recession appears likely on the horizon (unless the fiscal cliff is not fixed) real gross domestic product will plod along at a rate of 1.5% in 2013 and 2.1% in 2014.
- Inflation will remain contained in the 2.0% range, though we are concerned about the potentially large increase in the money supply due to the Fed's QE1 and QE2 stimulus programs. Low inflationary expectations, in turn means only modest upward movements in interest rates over 2013-14.
- Our forecast is for oil prices to average \$95 per barrel over the next two years, within a wide range of \$80-\$110 per barrel---unchanged from last year. Activity in the Gulf of Mexico should be back to pre-spill levels by 2013-II.
- Our forecasts are based on natural gas prices staying in about the \$2.50 per mmbtu range, kept at that low level by abundant new supplies coming from the shale gas deposits. Low natural gas prices are creating a boom in Louisiana's large chemical industry.
- Establishment of the new Deepwater Horizon Class Action Claims Unit to administer payments to businesses and individuals claiming harm from the spill will inject another round of monies into our economy over 2012-14. The Department of Economic Development has an unusually large list of potential new firms that have rated Louisiana in the top 4 of their final site selection. Movement of employment data collection from the LWC in Baton Rouge to the BLS in Dallas has continued to create data oddities that complicate our estimates. Louisiana has 8 MSAs and 35 parishes in its "rural" areas. Each has a different economic base, and each has its own unique outlook for 2013-14. Two will have special struggles in 2013 especially, and a few may enjoy historically large booms.
- Our largest MSA, New Orleans, has a large, solid \$10 billion+ construction list, an impressive list of openings, and an even more impressive list of potential prospects. However, the MSA is in the middle of a 3-year closure process of the Avondale Shipyard. This will continue through 2013, a year in which an estimated 2,000 more will lose their jobs at that site. Driven by these Avondale layoffs, we have this MSA's employment down 1,400 jobs in 2013 before rebounding with 4,000 new jobs in 2014.
- Driven by low natural gas prices, a burgeoning chemical industry will fuel nice growth in the Baton Rouge MSA. According to one survey, the chemical boom will generate nearly 6,500 industrial construction jobs in this MSA alone. A new casino has opened in

the region, adding 1,000+ jobs, and a number of new tech firms have come to the area. Possible layoffs in state government in this capital city tempered our projections for this MSA, which are for 5,000 jobs (+1.4%) in 2013 and 4,000 jobs (+1.1%) in 2014.

- A second MSA that will struggle in 2013 is our state's third largest---the Shreveport-Bossier MSA. The struggle will come in 2013 as the MSA deals with the closure of the GM plant and the dramatic decline in activity in the Haynesville Shale. A new Margaritaville Casino is under construction in the area, but the net impact on this large casino market is muddy. Relocation of Ronpak's headquarters to the Caddo-Bossier Port, and the potential for a very large firm to locate there are bright spots on the horizon. We are projecting 600 jobs (+0.3%) in 2013 and 1,000 jobs (+0.6%) in 2014 for this region.

- With the Gulf returning to its pre-spill levels, the Lafayette MSA is enjoying a boom (though we have serious issues about the BLS measures of how strong that boom is). Area exploration and oilfield servicing firms are in an expansion mode, and the MSA will get a significant employment jolt from the Schumacher Group, while two of its other major employers---Acadian Services and Stuller Settings---will add modestly to the region's job picture. We are projecting 5,800 jobs (+3.5%) in 2013 and 5,600 jobs (+3.3%) in 2014, making this the fastest growing area in the state over the next two years.

- The Houma MSA, like its sister city Lafayette, is now and will continue to enjoy a positive job-shot from the recovery of the exploration industry in the Gulf. We expect this MSA to also get a boost from further BP claims settlements and major hiring at its shipyards. One downside to the area are some expected layoffs at area fabricators in 2013 as they deal with a temporary lull in orders resulting from the permitatorium. We are projecting 2,800 jobs (+2.9%) in 2013 and 3,200 jobs (+3.2%) in 2014 for Houma. A new employment record is expected in this MSA in 2013.

- Like Baton Rouge, the petro-chemical rich Lake Charles MSA will gain jobs from the chemical boom and associated industrial construction activity. Further boosting construction jobs in the MSA are work to retrofit LNG import terminals into export terminals and the building of the new Ameristar Casino. Huge potential projects from Sasol and Leucadia could create the largest construction boom in the MSA's history. We are projecting 2,300 jobs (+2.6%) in 2013 and 2,800 jobs (+3.1%) in 2014 for this MSA.

- The 8-year employment decline in the Monroe MSA finally ended in 2011. CenturyLink continues to be the bright spot in this region, as is Chase Mortgage. Worries about state government-related budget cuts and a short prospects list keeps our forecast for this MSA restrained. We are projecting only 300 jobs (+0.4%) a year for this MSA over 2013-14.

- Data from the BLS suggest the Alexandria MSA is in the midst of a 4-year employment slide. We believe the data for 2012 will have to be revised to show growth, given what is happening to other economic indicators in the region. The MSA's major employers are either stable or adding new jobs, and Alexandria landed the 600-person Sutherland Global facility, a new 270-employee Jena Tribe Casino, and Sundrop Fuels has announced plans for a \$450 million bio fuels plant in the area. We are projecting 1,100 new jobs in 2013 (+1.8%) and 600 in 2014 (+0.9%) for the Alexandria MSA.

- A number of new---sometimes very large--- firms have been announced for Louisiana's rural parishes. Included among these are Nucor, NuStar, and Petroplex in St. James Parish, Conagra in Richland Parish, DG Foods in Morehouse Parish, and a BP claims processing unit in Tangipahoa Parish. Against this positive tide of jobs is the expected layoff of about 1,100 people at the McDermott fabrication yard in Assumption Parish due to the lull in work associated with the permitatorium. We are projecting 5,700 jobs (+1.5%) in 2013 and 6,100 jobs (+1.6%) in 2014 for Louisiana's rural parishes.

Adding all these regions together, we find a state enjoying very nice prospects in most areas but being held back by weak growth in New Orleans and Shreveport in 2013. It bears repeating that there is a wide array of firms that have sites in Louisiana rated very high for potential new locations. On the net, Louisiana is expected to add 22,700 jobs in 2013 (+1.2%) and another 27,500 in 2014 (+1.4%). We estimate that this year Louisiana will reach 1,945,700 jobs. That represents a 3.2% increase---+61,600 jobs--- since the trough of the recession. This represents a new employment record for the state. All it will take is for Louisiana to hit on one or two of its potential projects to finally move above the two million mark within the next two years.