

French Quarter Land Valuation Summary

NEIGHBORHOOD BOUNDARIES

The French Quarter neighborhood is composed of the original City of New Orleans as founded in 1718 and encompasses over 70 city blocks. The neighborhood is generally bounded by N. Rampart St. (N), the Mississippi River (S), Esplanade Ave.(E,) and Iberville St. (W).



NEIGHBORHOOD DATA

The Vieux Carre' (Old Square) or French Quarter (as it is more commonly known) is a world renowned historic district comprised of a wide variety of property types and land uses, including but not limited to residential, commercial, retail, and hotel/entertainment. It is a major part of the ambience that draws over 10 million tourists to the City of New Orleans each year.

The French Quarter is famous for its European influence and atmosphere as evidenced by the abundance of historic landmarks, architectural features, and narrow streets. Jackson Square is considered to be the heart of the French Quarter and was established as the parade grounds for the newly formed city. The square is most noted by the historic St. Louis Cathedral, the Presbytere buildings, and the Cabildo (site of

the signing of the Louisiana Purchase). The Marie Pontalba Apartments, dating from 1850, flank Jackson Square and are said to be the oldest historic apartment buildings in North America.

The French Quarter is virtually 100% developed with few if any available vacant land sites. The majority of the buildings are between 130-150 years old with some dating back to the mid 1700's. As such, the buildings of the French Quarter fall under the jurisdiction of the Vieux Carre Commission (VCC). The VCC was established in 1936 and is charged with the preservation of the distinct historic character of the buildings in the French Quarter. The commission's guidelines are used to protect existing buildings against incorrect alterations or additions and are designed to keep the original integrity of the French Quarter intact. As new buildings are constructed or older buildings are renovated, the plans and specifications must first be approved by the VCC in order to preserve the architectural unity and historic significance of the district. According to the VCC, all property within a historic district has the same level of protection, benefits, and constraints.

The VCC has rated each building in the French Quarter for architectural and historical significance. The ratings for the buildings were initially assigned in the 1960's, and were reviewed by the Commission's staff and a special committee of the New Orleans Chapter of the American Institute of Architects in 1987-89 with final Commission review and adoption in 1989. The rating system is outlined below:

Purple	National Architectural or Historic Importance
Blue	Major Architectural or Historical Importance
Green	Local Architectural or Historical Importance
Pink	Local or Major Architectural or Historical Importance, that has been detrimentally altered but, if restored could be upgraded to blue or green.
Yellow	Contributes to the Character of the District
Orange	Un-rated 20 th Century Construction
Brown	Objectionable or of No Architectural or Historical Importance

VALUATION DEVELOPMENT

Members of the Assessor's Office Appraisal Unit examined many properties in the French Quarter and those particular to this analysis in January 2011 and subsequently. Research of the real estate market found few comparable land sales and other information, which would have directly impacted the valuation assignment. All property and market data information, which we deemed relevant to the land valuation, was analyzed and considered.

The report presents only critical data/analysis and conclusions formed by the appraisal unit. Supporting research material, documentation and information, which is not included herein, is retained in the office work file.

The three recognized approaches to land valuation were employed in developing the indicated per square foot land rate for the French Quarter (Sales Comparison, Allocation and Abstraction). Each of these methods is explained further in the report and are considered to be reliable valuation methods as per IAAO (International Association of Assessing Officers) protocol.

For the Purposes of the reappraisal, the French Quarter is treated as the same economic area as defined by the IAAO (International Association of Assessing Officers). IAAO defines an economic area as a geographic area, typically encompassing a group of neighborhoods, defined on the basis that the properties within its boundaries are more or less equally subject to a set of one or more economic forces that largely determine the value of the properties in question.

Sale Comparison Approach

Due to the small quantity of recent vacant land sales in the French Quarter, land sales were analyzed using two recognized approaches to valuation: Historical Trend and Comparable Area Method.

The Historical Trend approach employs all French Quarter vacant land sales since 2001. These sales are plotted on the graph below. However, due to lack of true vacant land transactions, sales of properties with improvements in such poor condition that the improvement was razed soon after purchase were also incorporated in this analysis. Even so, only 6 sales fit the search criteria. The trend line was extrapolated forward and the land value for the year 2013 is indicated to be approximately \$180.00 per SF based on vacant land sales over time.



French Quarter Land Analysis												
Sale No.	Address	Sold Date	Sold Price	Condition	Site Size	Imp GLA	Unit Price	Unit \$ After Demo	90%	85%	80%	Comments
1	924-Orleans Ave	10/22/2010	550,000	Poor	2,432	4,714	\$ 226.15	248.77	223.89	211.45	199.01	Estimated Cost of Demo & 10%
2	1027-Chartres St	9/22/2010	775,000	Poor	5,600	6,746	\$ 138.39	152.23	137.01	129.40	121.79	Estimated Cost of Demo & 10%
3	1235-Bourbon St	3/13/2009	700,000	Poor	5,415	6,000	\$ 129.27	142.20	127.98	120.87	113.76	Estimated Cost of Demo & 10%
4	826-Ursulines St	5/23/2001	375,000	Vacant Lot	4,128	0	\$ 90.84	99.93	89.93	84.94	79.94	
5	933-ContiSt	7/23/2008	310,000	Vacant Lot	2,048	0	\$ 151.37	166.50	149.85	141.53	133.20	
6	1040-Esplanade Ave	6/28/2012	515,000	Poor	4,300	600	\$ 119.77	131.74	118.57	111.98	105.40	Corner N.Rampart/Esplanade
				Median	4,128	4,714	\$ 138.39	152.23	137.01	129.40	121.79	
				Average	3,925	3,492	\$ 147.20	161.93	145.73	137.64	129.54	
				Min	2,048	0	\$ 90.84	99.93	89.93	84.94	79.94	
				Max	5,600	6,746	\$ 226.15	248.77	223.89	211.45	199.01	

The Comparable Area Method was used to discover vacant land sales from an area of the city that is most similar to the French Quarter market area. The French Quarter is a unique neighborhood given both its historic value component and the commercial value component as it relates to the tourism industry. In our opinion, the Central Business District is the most proximate and similar market area available for comparison to the French Quarter market. A total of thirteen vacant land sales located in the Central Business District were used in this comparative analysis. A median price per sqft of \$94.84/SF was computed is indicated below:

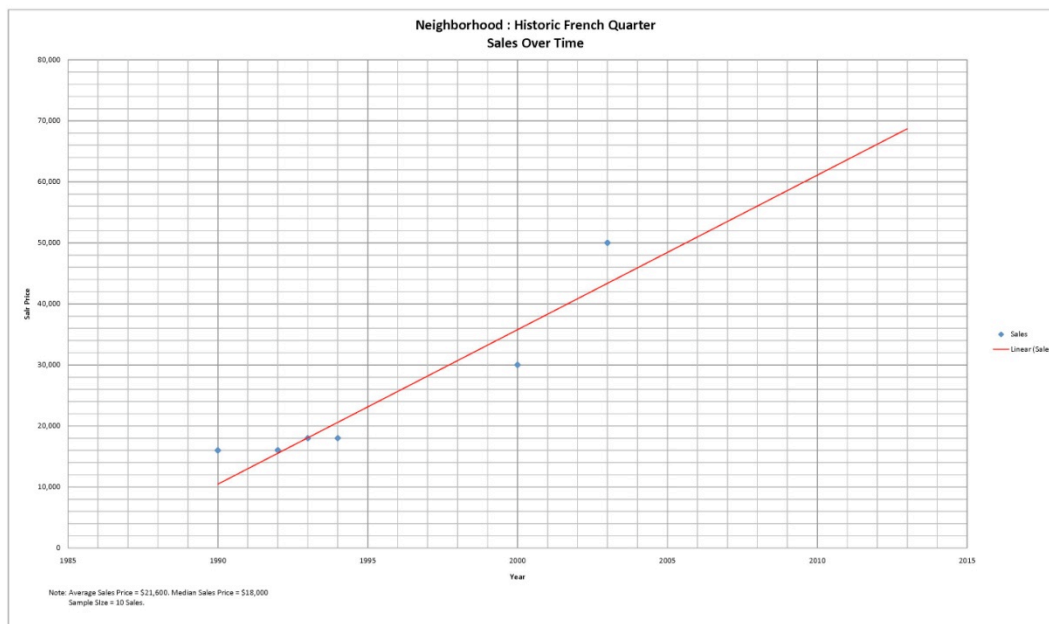
BILL#	SALEDT	PRICE	LAND SQFT	Sale \$/SF	LUC	NBHD
104100907	13/Apr/12	612,000	4,961	123.36	456	1CB01000
105102017	06/Feb/08	725,000	1,819	398.57	449	1CB01000
103105013	05/Jan/11	2,700,000	36,160	74.67	456	1CB04000
103105422	01/Sep/11	95,000	1,983	47.91	456	1CB04000
103104105	19/Feb/08	532,477	10,898	48.86	456	1CB04000
105102113	30/Dec/10	500,000	11,599	43.11	500	1CBR1100
104102415	28/Jan/11	141,500	3,021	46.84	500	1CBR1100
104102420	15/Dec/10	200,000	4,048	49.41	400	1CBR1100
104102625	01/Nov/11	325,000	5,811	55.93	500	1CBR1100
103105215	30/Mar/11	175,000	2,013	86.93	500	1CBR4000
103105220	27/Oct/11	187,300	1,873	100.00	500	1CBR4000
103105221	19/Oct/11	240,900	2,409	100.00	500	1CBR4000
103105419	09/Feb/12	212,000	3,701	57.28	500	1CBR4000

Mean 94.84

Assessments of other historic districts around the United States were gathered as additional support data for the indicated French Quarter land rate. All values were obtained from each respective jurisdiction. It should be noted that these other jurisdictions assess land at 100% of market value as opposed to Louisiana, which assesses land at 10% of market value. Additionally, Delaware has not updated land values since 1983. The following chart was not used in assessing land in the French Quarter and is only included for illustrative purposes.

District	City	County	State	Avg Land Rate	
Alamo Plaza Historic District Fringe	San Antonio	Bexar Appraisal District	Texas	\$75.00	
Alamo Plaza Historic District Core	San Antonio	Bexar Appraisal District	Texas	\$125.00	
Core Area	Savannah	Chatham County	Georgia	\$60.00	
Fringe Area Res/Comm	Savannah	Chatham County	Georgia	\$75.00	
Downtown	St Augustine	St Johns County	Florida	\$37.50	\$70 prior appraisal
Downtown	Annapolis	Anne Arundel County	Maryland	\$87.50	\$212.5 Waterfront
The Strand	New Castle	New Castle	Delaware	\$10.00	1983 Market Value

Parking spaces for French Quarter condominiums were also analyzed. A sample size of 10 sales ranging from 1990 to present was employed and the indicated average sale price is \$21,600, with a median sale price of \$18,000 as indicated below. Using a \$60.00 per sq ft unit value yields a value of \$12,000 for each unit. This falls well beneath the range established by the average/median unit sale prices.



Allocation Method

The Allocation method of land valuation is useful when there are very few sales of vacant land available. In this technique, a portion of an improved property is allocated to the land using a market-extracted ratio. In order to arrive at a value using this technique, a matched pairs analysis was employed. A matched pairs analysis is an appraisal technique where two similar properties are compared with a difference in only one variable. This allows the appraiser to find the value of that particular variable.

MATCHED PAIRS ANALYSIS		924 Orleans Ave	933 Conti St		1027 Chartres St	826 Ursulines St		1235 Bourbon St	826 Ursulines St
	Improved/Vacant	Improved	Vacant		Improved	Vacant		Improved	Vacant
	Sold Price	550,000	310,000		775,000	375,000		700,000	375,000
	Differential Attributed to Improvements	240,000			400,000			325,000	
	Improvement Ratio	0.436			0.516			0.464	
	Land Ratio	0.564			0.484			0.536	
	Avg Land Ratio	0.528							
	Avg Imp Ratio	0.472							

As captioned above, an average of the three matched pairs analyses yields a land value to total value percentage of 52.8%, meaning that approximately 52.8% of the total sale price is attributable to the land. Using the indicated average land ratio of 52.8%, land values were computed for a random sampling of both commercial and residential properties in the French Quarter. The resulting average land value from this analysis is \$265.00 per square foot as indicated below.

TAX #	SALE DATE	SALE PRICE	LAND SQ.FT	Est.Land Value *****	LAND \$/SF	CLASS
207101313	2/17/2012	1,000,000	836	530,000	633.97	RES.
207101406	1/13/2012	995,000	2,442	527,350	215.95	COMM.
208101924	11/15/2010	1,590,000	1,439	842,700	585.62	RES.
208101825	9/30/2011	235,000	969	124,550	128.53	RES.
206101616	3/31/2011	800,000	1,539	424,000	275.5	COMM.
207103401	2/12/2010	1,500,000	4,420	795,000	179.86	RES.
208102106	5/30/2012	750,000	3,040	397,500	130.76	RES.
208101501	3/13/2012	2,117,817	5,800	1,122,443	193.52	COMM.
207100607	9/15/2011	2,030,000	4,820	1,075,900	223.22	RES.
208102120	3/30/2012	617,550	3,937	327,302	83.13	RES.
	Average	1,163,537	2,924	616,674	265.01	
	Median	997,500	2,741	528,675	204.74	

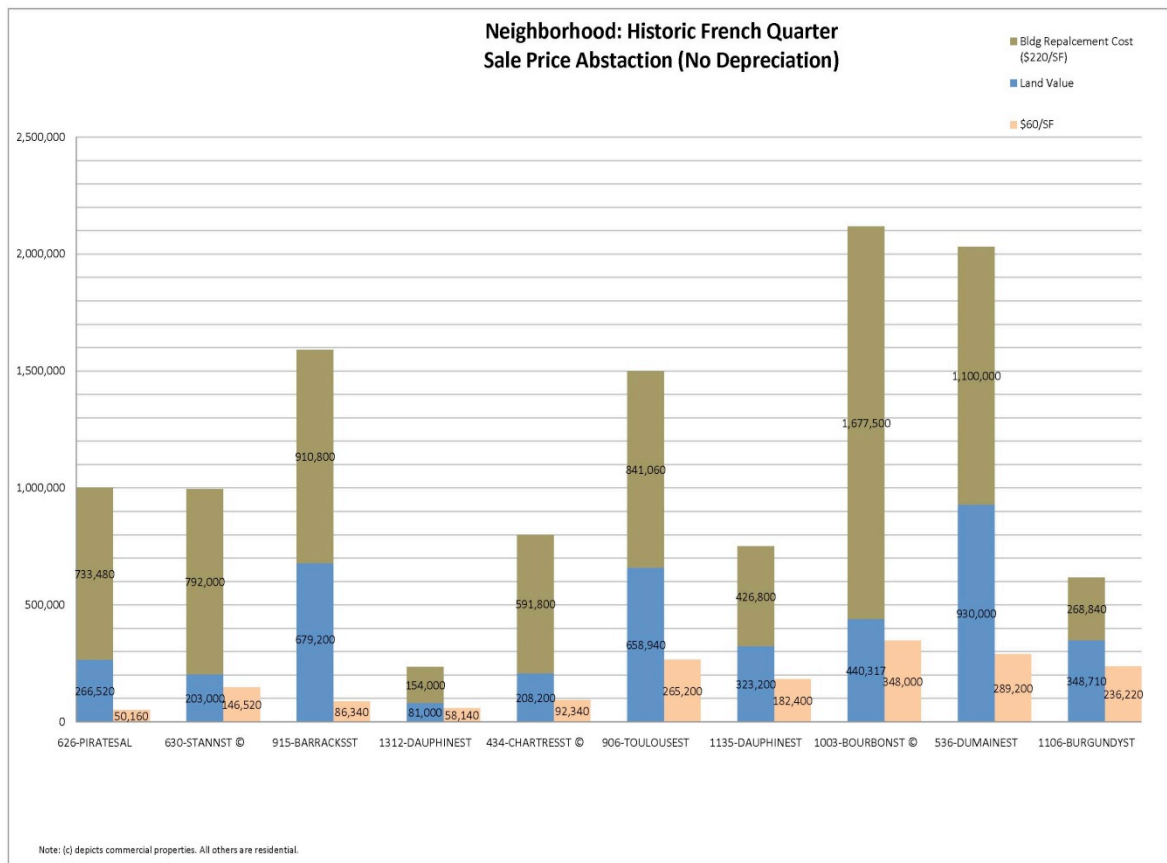
Abstraction Method

The abstraction method is useful for valuing land where there is no available sales history for a particular market area or neighborhood. In performing the extraction method, the appraiser calculates a fair allowance for the reproduction cost for an improvement. The appraiser should calculate a **reproduction cost new** (exact duplicate with all deficiencies and obsolescence), as opposed to a **replacement cost** (cost at current prices with equivalent utility). In this analysis, the **reproduction cost new –no depreciation** was calculated using the Marshall & Swift Cost Estimator Service with the following criteria:

Excellent Quality, Masonry Construction, 2.5 stories, 3000 SF Average = \$179.36 Base/SF
Iron Balconies with wood flooring = \$40.90

Total = \$220.26/SF, say \$220/SF

The following chart illustrates the results of the abstraction method analysis. The building component is calculated using the \$220/ SF unit value and is depicted in brown. The remainder of the sales price is allocated to the land component and is depicted in blue. The current French Quarter land rate (\$60/SF) is depicted in pink. In all cases, the indicated land value via the abstraction method would yield a significantly higher land rate than the current French Quarter land rate.



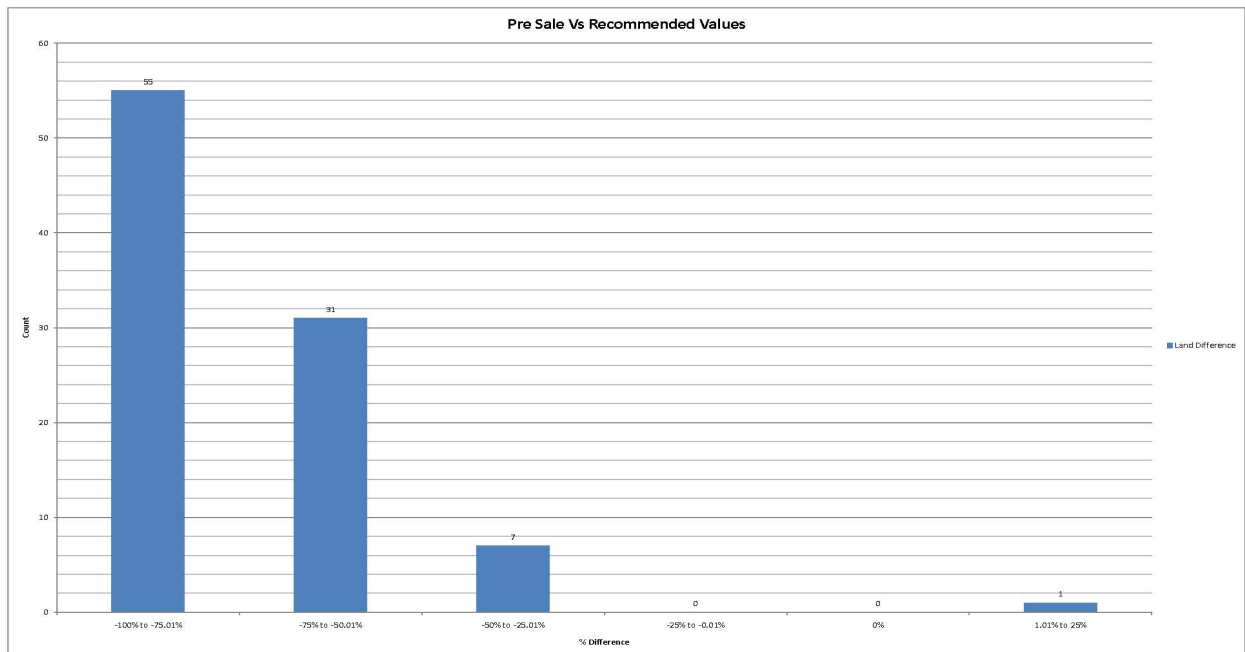
Independent Consultant

The Assessor's office retained the services of Tyler Technologies-CLT Division, an appraisal company from Dayton, OH, to provide supplemental information in the attempt to obtain fair and equitable values for the 2012 Quadrennial Reappraisal. A statistical analysis of the French Quarter land values recommended by Tyler Technologies-CLT Division was performed and results in an indicated average unit value of \$136/sf and a median unit value of \$120/sf for land in the French Quarter.

French Quarter Summary Statistics														
Current Assessor Values									CLT Recommended Values					
	Land SF	IMP SF	Land MV	IMP MV	Total MV	Land Vs Total %	Land MV/SF	IMP MV/SF	Land MV	IMP MV	Total MV	Land Vs Total %	Land MV/SF	IMP MV/SF
Mean	2,876	4,420	161,923	437,497	599,420	26.75%	51.18	204.22	521,267	305,351	826,618	50.08%	135.89	150.02
Median	1,411	1,421	71,800	245,200	339,250	17.09%	59.99	170.93	232,680	179,580	409,860	61.24%	120.00	55.65
Min	0	0	0	0	0	1.04%	20.63	0.00	0	0	0	0.00%	20.63	0.18
Max	127,334	652,548	6,912,200	36,648,000	38,908,700	100.00%	60.04	672.24	20,290,880	34,820,090	44,913,870	100.00%	301.88	674.37

Historical Vs Recommended Value

The following graph depicts the differences between pre sale land values and post sale recommended values using the allocation method discussed on page 6 of this study. An analysis of 94 developed parcel sales in the French Quarter between January 1, 2008 and the graph illustrates that the parcels were undervalued between -75 to -100% with a standard deviation of +/- 16.64%.



Taxpayer Submittals

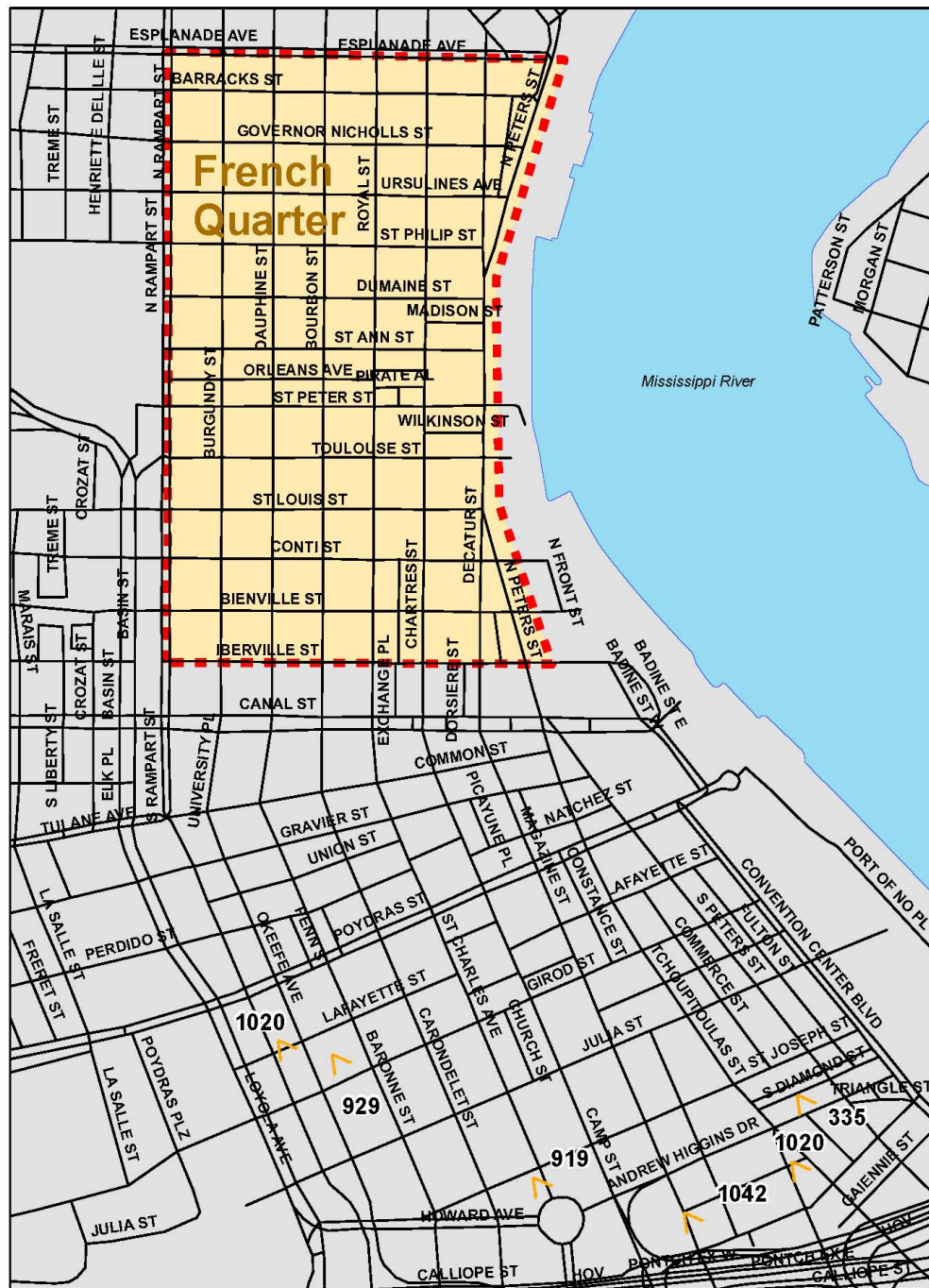
During the open roll period, taxpayers submit assessment review requests to our office with accompanying documentation in order to verify the property is at market value. Many of these requests include appraisals performed by appraisers whom are licensed by the state of Louisiana. One such request concerned land in the Central Business District (CBD)—an area of New Orleans that is adjacent to the French Quarter but is considered less desirable, and included an appraisal report by The McEnery Company. The results of this appraisal, with an effective appraisal date of January 1, 2012, depict market value land in the CBD averaging \$60.43 per SF. This report was performed by an independent third party appraising firm with the express purpose of challenging the Assessor's market value and was executed by two licensed general appraisers, one of whom has a MAI designation. The results of the report are illustrated in the following chart and support the Assessor's recommended land value of \$60.00 per SF for the French Quarter.

Comparable Land Sales Grid							
Sale #	Subject	1	2	3	4	5	6
Date	1/1/2012	6/3/2011	10/5/2011	12/21/2010	4/30/2010	4/22/2009	2/18/2009
Address	800-844 South Peters	335 Andrew Higgins	929 Girod	1020 Lafayette	1020 Annunciation	1042 Magazine	919 St. Charles
Sales Price	N/A	\$260,000	\$2,700,000	\$660,000	\$575,000	\$450,000	\$1,360,000
Site Size (SF)	42,506	3,860	36,131	8,259	10,987	8,042	27,992
Acres	0.98	0.09	0.83	0.19	0.25	0.18	0.64
Zoning	CBD-8	CBD-8	CBD-5	CBD-5	CBD-9	CBD-8	CBD-7
Corner	3-Street Frontage	Dual Frontage	Yes	No	Yes	No	Yes
Price per SF	N/A	\$67.36	\$74.73	\$79.91	\$52.33	\$55.96	\$48.59
Market/Conditions of Sale Adjustment		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Market/C.o.S. Adjusted Price per SF		\$67.36	\$74.73	\$79.91	\$52.33	\$55.96	\$48.59
Adjustments							
Size		-15.00%	-2.50%	-12.50%	-12.50%	-12.50%	-5.00%
Location		5.00%	-5.00%	-5.00%	5.00%	7.50%	-10.00%
Zoning		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corner		2.50%	5.00%	10.00%	5.00%	10.00%	5.00%
Composite Adjustment		-7.50%	-2.50%	-7.50%	-2.50%	5.00%	-10.00%
Adjusted Price per SF		\$62.31	\$72.86	\$73.92	\$51.03	\$58.75	\$43.73
Price per SF		<u>Adjusted</u>		<u>Un-Adjusted</u>			
Mean		\$60.43		\$63.15			
Median*		\$60.53		\$61.66			
St. Dev		\$11.92		\$12.76			

*As Averaged

The sales used in above referenced appraisal report are illustrated in the following chart. Note the relationship of sale price to proximity to the French Quarter.

French Quarter Comps



Reconciliation

As stated previously, the French Quarter is essentially 100% developed with virtually no vacant sites available for future development. Therefore, the Assessor employed multiple valuation techniques in an effort to arrive at a fair and equitable land rate for the French Quarter. Our results indicate a land rate range of \$95.00 to \$265.00 per square foot.

The Assessor's Office understands that the French Quarter is a very unique market area/neighborhood and therefore can be difficult to value. Other factors need to be considered when determining market values for the French Quarter such as the economic value component as it relates to tourism and the historical undervaluing of the market area. With these factors in mind, the Assessor's Office has determined that the best course of action is to phase in a fair and equitable land value for the French Quarter.

The Orleans Parish Assessor's office has determined the French Quarter land value to be a uniformed \$60.00 per square foot for the 2012 Quadrennial Reappraisal. This indicated unit value is well-supported based upon the information and analyses contained herein. The methodologies employed by the Assessor's office in arriving at the indicated land rate are all widely accepted forms of site valuation in both the ad valorem taxation and fee simple appraisal arenas and are felt to be reliable indicators of fair market value.