

# New Orleans CITYBUSINESS

## **Class A office rents escalate in Metairie**

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Rent for prime Metairie office space is up 9 percent since Hurricane Katrina.

Rent for Class A space is averaging \$22.50 per square foot compared with an average of \$20.58 per square foot in the first quarter of 2005, according to Bruce Sossaman, director of leasing for Equity Office Properties of New Orleans.

A tenant would pay \$45,000 a month to rent a 2,000-square-foot office compared with \$41,160 at the beginning of 2005 — a \$3,840 increase.

Class A office space in Metairie covers an inventory of 2,015,164 square feet. A total of 91.6 percent is occupied, or 1,847,082 square feet, up almost 1 percent from 2005.

Class B buildings in Metairie report similar rent increases, averaging \$18.30 per square foot. In the first quarter of 2005, the average rent for Metairie Class B office space was \$17.25 per square foot. Rent has jumped \$2,100 for a 2,000-square-foot Class B office to \$36,600 a month compared with \$34,500 at the beginning of 2005.

Class B inventory of 1,271,376 square feet is almost 92 percent full with 1,169,158 square feet rented.

**“Rising operating costs help drive up rent prices,” said John Hernandez, asset manager for Stirling Properties. “Costs of labor, insurance, utilities and taxes have all increased in the past few years and those costs are reflected in rental prices.”**

Available Metairie office space typically ranges from 1,000 to 25,000 square feet. Sossaman said there is a shortage of big block space, rentals larger than a full floor, or roughly 25,000 square feet.

All class A and B buildings are back online in Metairie, which suffered less storm damage than New Orleans. In New Orleans, more than 1 million square feet of Class B space did not reopen, said Sossaman.

**Kenner’s Class B occupancy rate falls to 80 percent**

Inventory for Kenner’s Class B space remained roughly the same as pre-Hurricane Katrina at 181,386 square feet, but occupancy rates have dropped from 91.4 percent to 80.3 percent now.

Despite stable inventory and decreased occupancy rates, Kenner’s Class B rental rates have risen by almost \$1 per square foot, according to Mark Inman, associate broker for Coldwell Banker TEC

Realtors.

“Such a substantial increase in Kenner’s Class B rental rates seems counter-intuitive given the decreased occupancy rates,” Inman said. “With inventory reductions in other regions, office buildings in Kenner may anticipate increased Class B occupancy rates.”

Inman said Kenner’s Class C buildings were more susceptible to storm damage with considerable declines in inventory, from 118,950 square feet pre-Katrina to 78,470 square feet now. Kenner’s Class C occupancy rates have risen from 85.2 percent to 93.6 percent since the first quarter of 2005.

Xerox Centre, 2400 Veterans Memorial Blvd., remains Kenner’s largest office building with an inventory of 144,000 square feet of rental space. Rental prices in this facility range from \$19 to \$21.

Buyer’s market emerging now in Jefferson Parish

More than a year after Hurricane Katrina, the housing market in Jefferson Parish is still feeling its way. More houses are selling now compared with last year but more are on the market, too, as homeowners finish storm repairs and post “For Sale” signs.

Supply is outpacing demand now, said Carolyn Talbert, a Realtor for Prudential Gardner. Before the storm, Talbert used to average 30 to 40 houses on display for buyers. Now the average is between 60 and 70.

“Houses under \$400,000 sold really quickly right after the storm,” said Talbert. Now, “anything under \$200,000 is selling really fast.”

The Gulf South Real Estate Information Network reports March featured the hottest housing activity in East Jefferson with 278 homes sold compared with 167 a year earlier — a 66 percent increase. In West Jefferson, sales activity peaked in August with 238 transactions compared with 144 in August 2005 — a 65 percent increase.

Average selling prices have been higher nearly every month for Jefferson housing. The only down month was July when the \$255,667 average was off less than 1 percent from what homes fetched in July 2005.

The average selling price for the 1,831 homes sold through August in East Jefferson was \$249,524, a 5 percent increase from 2005. In West Jefferson, 1,484 homes sold from January to August averaged \$176,141 on average — more than 26 percent higher than last year.

Lynda Nugent Smith, a Realtor for Keller Williams, says houses under \$300,000 are moving pretty quickly. “People don’t feel the risk is as high if the price is \$200,000 to \$350,000,” she said. “More people are demanding a lower price range because they’re not sure of their commitment.”

In August, homes selling in East Jefferson spent an average of 51 days on the market, 16 percent longer than a year earlier. The 52-day period in West Jefferson was down from 56 days in August 2005.