

REAL ESTATE TRENDS 2009

North Shore

By Garry Boulard
mail@nopg.com
Contributing Writer

Long accustomed to annual increases in sales and prices, North Shore commercial real estate agents say they are getting hit from two sides — overbuilt office and retail space along with the effects of a recessed economy.

“To put it bluntly, there aren’t enough businesses right now on the North Shore to support all of the existing — new and old — commercial real estate,” said David Wright, a commercial sales associate for Coldwell Banker Commercial TEC Realtors Inc.

Small businesses have been struggling this year. And because they are downsizing, they don’t need as much space, Wright said.

“On top of that, some people, to reduce expenses, have closed their offices and are doing their work out of their houses, which only creates more vacant commercial space.”

To make matters more challenging, said Ted Moses, a real estate adviser for Prudential Gardner Realtors in Mandeville, there has been some overbuilding on the commercial side.

A prominent player in the North Shore real estate market for more than three decades, Moses said older buildings filled up after Katrina, driving the construction of new ones. Those new buildings are now experiencing vacancies.

The reason, he said, is because newer property costs more to rent.

“People like the nice new spaces but don’t want to pay the \$30 a square foot it takes to rent them out,” Moses said.

As a result, Moses said he is seeing more small-tenant space, situations where two tenants occupy 300 or 400 square feet as opposed to 5,000 square feet.

“A 2,500-square-foot tenant right now would be a big deal,” he said.

“A 2,500-square-foot tenant right now would be a big deal.”

Ted Moses
real estate adviser
for Prudential Gardner
Realtors in Mandeville



Grady Brame, executive vice president of Stirling Properties in Covington, and Gretchen Dauterive, a commercial sales and leasing executive with Stirling, discuss floor plans for an open space at NorthPark Business Park.

The North Shore commercial sector is also contending with the national recession, which has produced a drop off in sales for local retailers and demand for larger commercial space.

But Grady Brame, executive vice president of Stirling Properties in Covington, thinks the last quarter of 2009 will show improvement over the first depressing months of the year.

“With discounters and the food stores, we did not see as much of a negative dip as we did in some of the clothing or department stores,” he said.

The overall downward trend, Brame said, may have run itself out.

“We are actually now seeing sales for many retailers stabilizing and maybe even trending a little upward.”

That pattern more than likely means

next year is going to be stronger for the commercial side, Brame said.

Michael Siegel, executive vice president of Corporate Realty, thinks another reason why commercial real estate prospects on the North Shore may be looking promising is their size.

“Yes, there has been some overbuilding. But because the market is small, it won’t take much for it to come back when the economy itself improves. That may be already happening a little.”

Moses said St. Tammany Parish’s long-term growth rate, which has seen an 18 percent population jump from 192,000 in 2000 to 228,000 last year, will also bolster prospects for a better 2010.

“That rate of growth is one of our assets up here,” Moses said, “and has been for a long time.”