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Economy lowers East Jeff office space rates New Orleans City Business - Online

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Editor's note: The following story is part of the CityBusiness' s 2010 Real Estate Trends report, which analyzes office space in the metro area. The entire report can be downloaded [here](#)

Commercial property brokers and managers in Jefferson Parish repeatedly have used the same phrase to describe the 2010 local market - weathering the storm. In this case, the damaging conditions materialized from a dismal national economy.

The economic downturn led to rental rates on office and commercial retail spaces softening over the past two years after the high spikes that occurred right after Hurricane Katrina, said Rich Stone, vice president of Latter and Blum' s commercial division.

As the economy showed slight improvements in 2010, market rates stabilized, inquiries returned and the overall market looks like it will continue to improve in 2011, Stone said.

“ I am mostly positive about 2010 and the future,” Stone said. “ This metropolitan area has weathered the storm a lot better than the rest of the country. Things are still a lot slower than they' ve been, generally because of the national economy, but I think we' ll continue to see slow improvement.”

The landscape for office space occupancy and rates paints a similarly positive picture for the metro area. Where high unemployment and slow job growth have trended with downsizing in office space on a national level, that has not happened so much in Jefferson Parish, said Bruce Sossaman, leasing director for Equity Office Properties.

The end of the second quarter saw Jefferson' s 2 million square feet of Class A office space on the East Bank 91 percent occupied, which is up from about 90 percent in 2009,

Sossaman said. The current average rate for Class A space is \$22.75 compared with an average of \$18 per square foot in the Central Business District.

“ In general rates have fallen 5 to 10 percent in the last 12 to 24 months,” said Richard Juge, owner of Re/Max Commercial Brokers. “ It' s a supply and demand picture. If there is no new business creation then there is no job creation. It all trickles down. The good news for Jefferson Parish is it' s always been a very stable part of the metro area.”

Retailers looking for space have been able to find opportunities along Veterans Boulevard, where in previous years space rarely was available or priced exorbitantly. It' s difficult to assign an average rate for property along Veterans, Stone said, because of the inconsistency of space qualities and classifications.

Along the Metairie Road corridor, the picture is the same: slightly deflated rates - from an all-time post-Katrina high - to a steady rate during 2010, said Grady Brame, a partner at Stirling Properties Inc.

“ Where rents had been going up, now they are stabilized or even going down but still very stable,” Brame said.

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Before the recession, rents for retail space on Metairie Road used to average in the \$25 to \$30 per square foot range but are now gravitating more toward \$24 or \$25 this year “ and are very well leased,” he said.

The Jefferson Parish retail market centers around Lakeside Shopping Center, which is “ ground zero” for retail sales in the region, Juge said.

Indicators for Jefferson look “ stable to slightly positive” moving into 2011, Juge said, particularly with construction of the new Veterans Affairs hospital in Mid-City, which could bring office space leasing in Jefferson Parish from engineers or architects, as well as the remainder of federal recovery funds that still must be spent.

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