



Everything New Orleans

Demand for office space is growing in St. Tammany Parish

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By **Rebecca Mowbray, The Times-Picayune**

Next spring, **Stirling Properties** plans to break ground on the first of six office buildings with a total of 600,000 square feet -- about the same amount of space as many New Orleans skyscrapers -- at the company's mixed-use River Chase development in western St. Tammany Parish. The development is proof of growing demand for office space on the north shore; if all six buildings are completed, it will increase the amount of office space in the western part of the parish by about 40 percent.



Stirling Properties

A rendering shows plans for the River Chase development, which could be built out in the next five to seven years if demand for office buildings on the north shore continues to grow.

It's a sign that north shore towns once considered bedroom communities are coming into their own, and a reminder that as downtown boosters promote living close to work, suburban economic developers are trying to create opportunities for residents to work closer to where they live.

"We used to live in the commuter world where people wanted to live in the suburbs and work in the Central Business District. Now people want to live and work nearby," said Townsend Underhill, Stirling's vice president for development.

Fueled by lifestyle, hurricane safety considerations and the ability to build custom office space, companies such as **Chevron**, the oil exploration firm LLOG and the **Louisiana Offshore Oil Port** have recently built new headquarters and moved to St. Tammany Parish. And when **GlobalStar**, a satellite telecommunications provider, moved to Louisiana from California, it opted not to locate in the traditional office markets in New Orleans or Metairie, but in St. Tammany Parish.

Although the Northpark office development took 20 years to complete, Stirling hopes that demand has grown enough that it can build all six buildings at River Chase in the next five to seven years. Underhill said he needs to lease half of the space in the first building before his company can break ground.

Meanwhile, the Wainer Cos., which sold the land for the Nord du Lac **shopping center** to Colonial Properties Trust, is working on the nearby Nord du Lac Commercial Park to round out the single-family homes, apartments and nursing homes being developed in the area so that people can work a short bike ride, walk or drive from where they live and shop. "It's a live-work environment. What we are trying to do is create the business center of St.

Tammany," said Bruce Wainer, a partner in the firm.

And last year, developer Land Holding Co. LLC won parish approval to build a 30-acre office park near Interstate 12 and Louisiana 1088 northeast of Mandeville called the Arlington Business Park. Plans call for constructing as many as 30 buildings that are no more than three stories tall.

'A natural progression'

Brenda Reine-Bertus, executive director of the St. Tammany Economic Development Foundation, said new office space in St. Tammany Parish is an important part of the region's long-term plan. St. Tammany's office environment will continue to grow not only because of companies relocating to the north shore, but because of natural business growth within the parish and south shore companies opening satellite offices there.

"It's part of a natural progression for St. Tammany Parish. We're projected to grow for the next 15 to 20 years, as we see companies over there expanding, and companies from outside moving in," Reine-Bertus said. "We know that the commuting to the south shore will never go away, but we're seeing a gradual switch. We're even seeing some reverse commuting."

There's enough happening on the north shore office front that Bruce Sossaman, leasing director at Equity Office, says he'll probably add a St. Tammany page next year to a quarterly report he publishes on leasing trends in Class A and Class B office space. He only tracks Orleans and Jefferson parishes now.

Surprisingly, rent for top-quality office space in St. Tammany Parish is higher than it is on the south shore. While Class A office space in downtown New Orleans goes for about \$18 per square foot and about \$22 per square foot in Metairie, Property One has been able to get \$27 to \$28 per square foot at the LLOG building it built on the north shore in 2008. The LLOG headquarters is considered some of the nicest office space in St. Tammany Parish.

The steep Class A rent in St. Tammany Parish is partially a function of supply and demand: There's so little top-flight office space in the parish that it's at a premium.

But Sossaman said most of what's been built there so far has been commissioned by the company that will occupy



Ellis Lucia/The Times-Picayune

Several companies, including satellite telecommunications company GlobalStar, have built headquarters buildings in St. Tammany Parish in recent years.

the space, like the Chevron building, or has a dominant tenant with some extra space available for others. At the LLOG building, about half the space is leased to companies other than LLOG.

"An owner-user doesn't have the same constraints as an investor," Sossaman said. "With the current economy, for someone to come in and build a Class A building on spec would be very difficult at this point."

Even with land being less expensive in St. Tammany than on the south shore, a developer probably needs to get \$28 to \$30 per square foot in rent for the finances to work out on new Class A office space, Sossaman said. And a new building with more than 100,000 square feet would probably require lots of pre-leasing with long lease terms to make it work.



All of that means that Stirling must be pretty optimistic about prospective tenants to launch its plan.

Distance pitfalls

Meanwhile, Sossaman said that locating in St. Tammany Parish isn't for every company. Businesses that have lots of meetings downtown or companies with employees who frequently fly in from another office might find the north shore inconvenient because of the obstacle of Lake Pontchartrain.

"There are issues with the airport," Sossaman said. "If you're in downtown or Metairie, you take the first flight in, and you do your work, and fly home. If you move to the north shore, a one-day trip is suddenly a two-day trip."

Reine-Bertus says she doesn't see the airport as an issue because airports are at the periphery in many major metropolitan areas, and St. Tammany Parish still lies within the time and distance constraints that site selection consultants would consider.

Companies often need help with information when considering moving to the north shore, Reine-Bertus said.

When Chevron was thinking about making a move, Reine-Bertus said a number of administrative employees had never visited the parish and were concerned that homes would be too expensive. The St. Tammany Economic Development Foundation held four brown bag lunches at Chevron's offices in New Orleans about what the parish had to offer, then took employees across the lake on a bus tour so they could check out different communities. Meanwhile, the economic development group also did research to demonstrate to Chevron that more than 500 homes were for sale in the price point that employees were looking for.

"We wanted to answer all of their questions so they could make a well-educated decision," Reine-Bertus said.

Farther from storm threats

Dale Rollins, vice president of business development at the Louisiana Offshore Oil Port, said moving to St. Tammany Parish was the obvious choice after Hurricane Katrina.

LOOP's offices at the Heritage Plaza in Metairie next to the 17th Street Canal were heavily damaged, and the company was displaced for about eight months, creating problems for both business operations and employees.

"We're a 24-hour-a-day, seven-day-a-week operation, and we decided we couldn't afford to go through anything like that again. We moved to get farther away from storm damage," Rollins said.

LOOP has about 180 employees, 50 of whom work in the company's new Northpark office building. Rollins said only a handful of employees lived in St. Tammany Parish before the move; many others have since moved over, but a number of employees now do a reverse commute from New Orleans or even the West Bank.

Rollins said the airport hasn't been an issue for him, one of the only people who does a significant amount of traveling. But the distance has its costs when taking prospective clients out to dinner or a Saints game. "When we entertain, it's usually in New Orleans. We had folks at the ball game last night. We're over there pretty often," Rollins said.

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