

## North Shore commercial space sees interest rebound

by Jaime Guillet, Contributing Writer

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The North Shore commercial real estate market has performed fairly well during 2010, including high occupancy rates and diminished yet stable lease rates. With a slate of deals in development, industry insiders say they expect better news to come in early 2011.

The nation's economic woes trickled down to businesses and retailers locally, as well as limiting financing. Still, the year's weakened economic landscape was an improvement over 2009, with steady growth over recent quarters, said Grady Brame, partner at Stirling Properties, which manages and serves as leasing agent for Northpark Corporate Center and Northpark II in Covington. Those two office buildings are 100 percent occupancy and the rest of St. Tammany's suburban office market has a "pretty stable" occupancy rate, Brame said.

"It's not as good as a couple years ago, but we're not seeing significant rate pressure or move-outs that we feared," Brame said.

Stirling's North shore office space occupancy has stayed at 100 percent occupied the past several years, Brame said, and occupancy in West St. Tammany in general has been very high. However, demand in terms of prospects has diminished compared with interest of a couple years ago.

Gulf States Real Estate Services President Mike Saucier said he has seen business pick up in the past six months and has been receiving more calls for spaces in the 20,000- to 25,000-square-foot range. Saucier



Stirling Properties agent Lee Delahoussaye, left, and partner Grady Brame review notes on a commercial property at 109 Northpark Blvd. in Covington's Northpark Business Park development. (Photo by Shannon White Diecidue)

said general interest is growing for the North Shore as an area for satellite offices as it gains attention for various moves, such as this year's announcement from Globalstar Inc. to relocate its corporate headquarters to Covington, and Chevron's Gulf of Mexico headquarters move from New Orleans in 2008.

Saucier puts Gulf States' occupancy rates at between 90 percent and 95 percent, compared with between 80 to 85 percent in 2009.

Commercial lending appears to take be taking longer, which has contributed to the slow pace of the market, but lenders are coming to the table, Brame said. Financing for "good, quality projects" is solid albeit slow, he said.

"The market is slow but I would not call it dead at all," Brame said. "I still see the market as being a little soft but I'm talking to a lot of prospects. People are combing the market, but deals take longer to do. Nothing seems to be in a hurry."

St. Tammany Parish office rental rates in 2010 experienced a general decline of between 10 percent and 20 percent to between \$21 to \$23 per square foot for Class A space, down from a post-Hurricane Katrina high of the upper \$20 range.

On the retail side of business, leasing agents have struck a variety of deals in Hammond and Covington, primarily at the Hammond Square development such as a new 70,000-square-foot Academy Sports and Outdoors store, which will open next summer, as well as retail space in Colonial Pinnacle's Nord du Lac shopping center, which opened in Covington in October.

Brame says several small national retailers soon will move into Covington, such as a 4,200-square-foot Claire's Accessories and a 1,200-square-foot Children's Place. Rates on retail space are averaging about \$15 a square foot.

Those and other ongoing deals — on at least three mid-sized anchored retail centers for 2011 — should be a source of optimism for the North shore for next year, Saucier said.

He cautions that it likely will be "another two or three years" before unanchored retail space rebounds.

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