



2007 Baton Rouge Office Market Overview

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Executive Summary

- **Strong Competition for limited Class A space**
- **Demand based on regional/national companies speculating that the metro region will continue to experience growth**
- **New construction affecting occupancy and rates**
- **Looming vacancy still a factor in Class B market**
- **Office demand still strong from construction / rebuilding related industries, financial services, and insurance companies**
- **Older properties house the majority of vacancies**

Baton Rouge Office Market

Spring 2007

Class B – 2,755,183 Square Feet*

Thirty Four (34) Buildings*

Twenty Eight (28) Buildings*

Class A – 3,450,434 Square Feet*

*represents an increase over 2006 Data



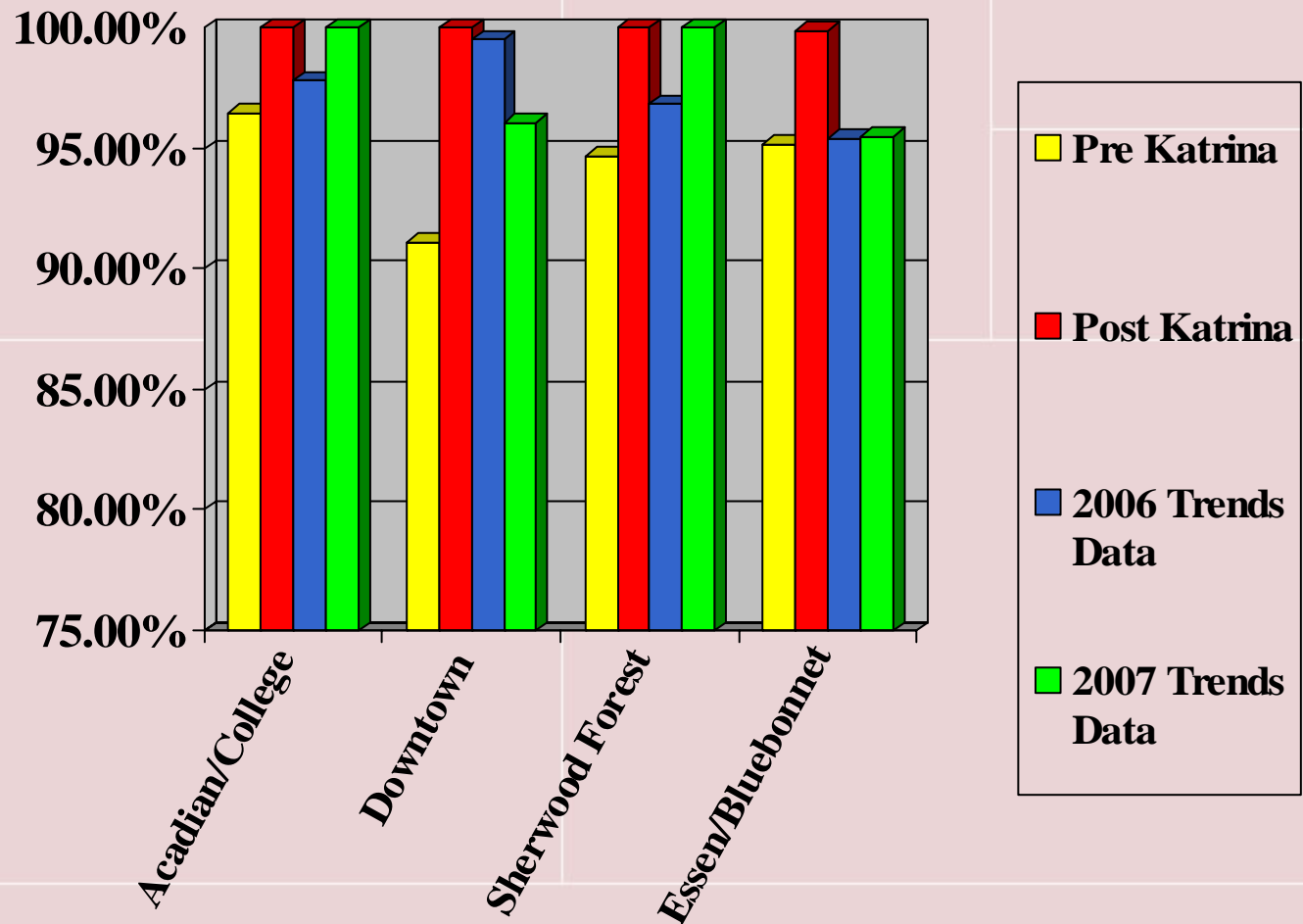
Baton Rouge Office Market

Spring 2007



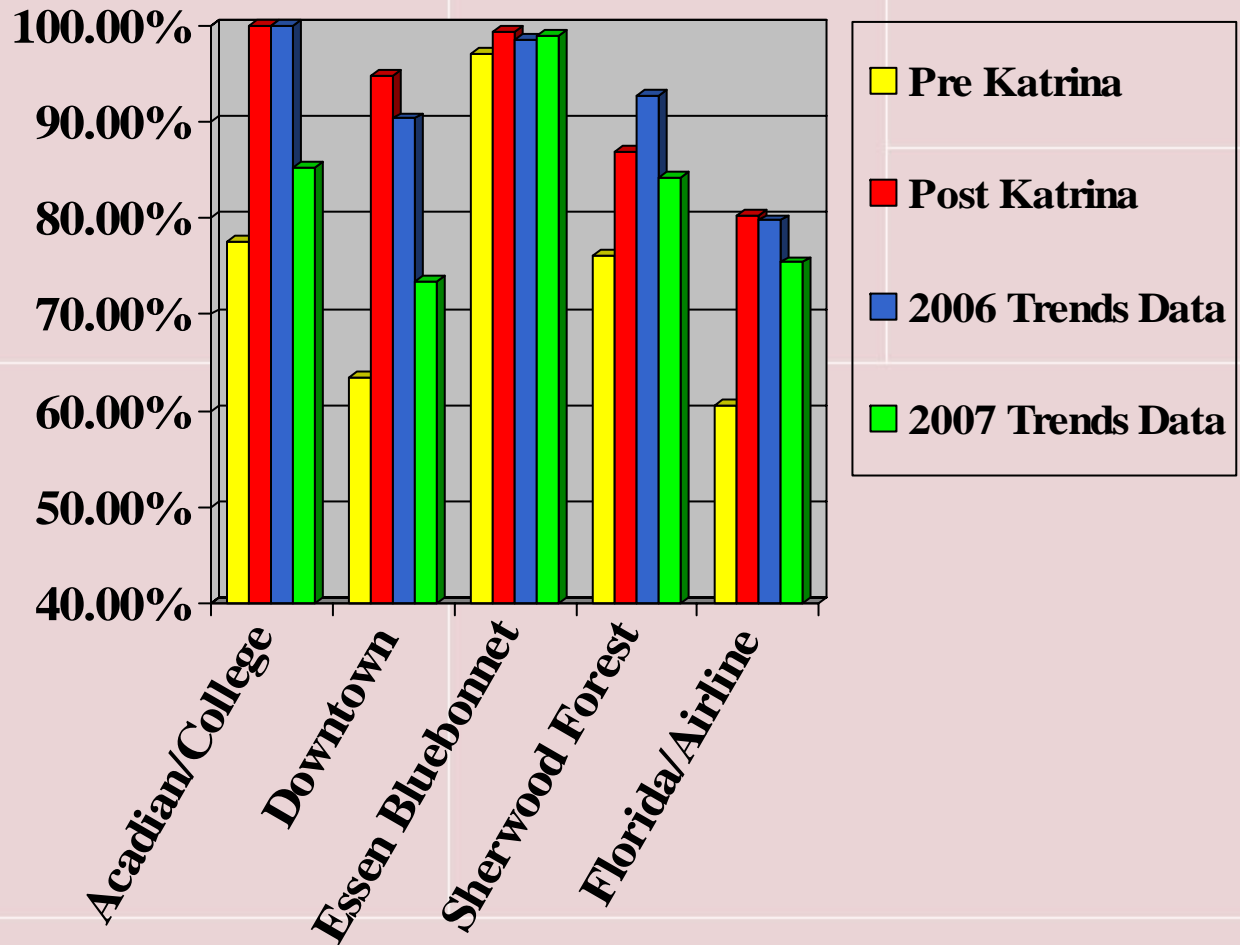
	Class A	Class B	Total
Downtown	96.06%	73.34%	86.71%
Acadian/College	100%	85.24%	95.48%
Essen/Bluebonnet	95.49%	99.01%	95.74%
Sherwood Forest	100%	84.19%	88.72%
Florida/Airline	N/A	75.39%	75.39%
Total	96.56%	78.31%	88.41%

Baton Rouge Office Market Class A Space



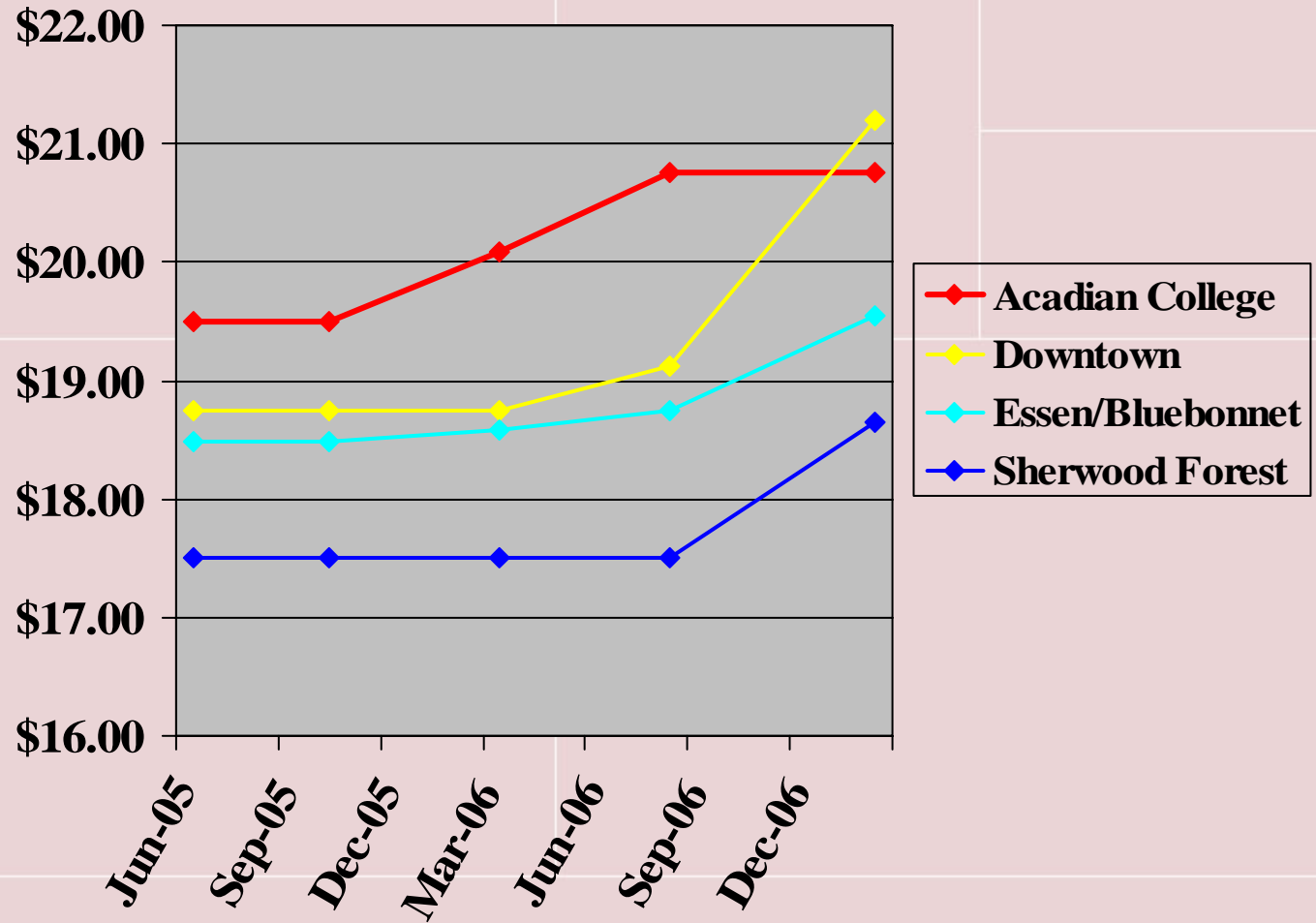
Baton Rouge Office Market

Class B Space



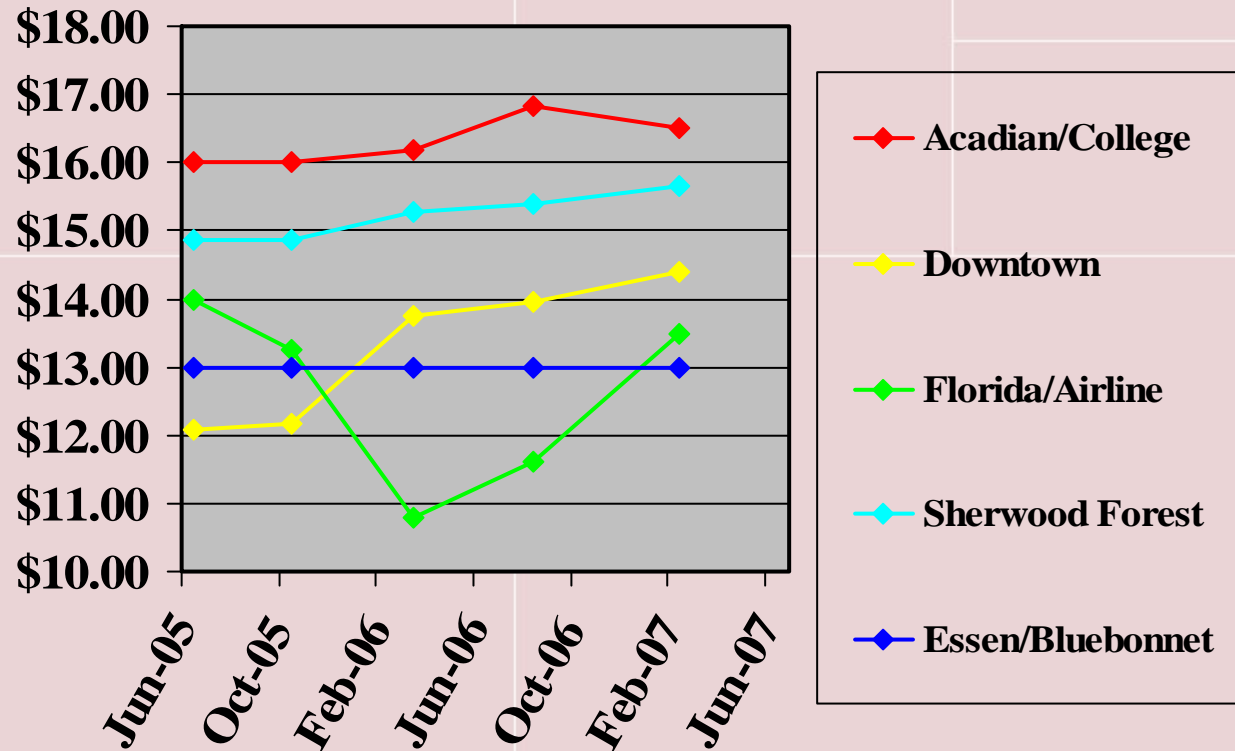
Baton Rouge Office Market

Quoted Rental Rates - Class A



Baton Rouge Office Market

Quoted Rental Rates - Class B



Downtown Office Market

YTD 2005

- **Current Class A occupancy rate of 96.06%**
- **Average Class A rental rate of \$21.20 psf/year**
- **Current Class B occupancy rate of 73.34%**
- **Current Class B rental rate of \$14.41 psf/year**





Downtown Office Market Factors

- **La Cap Federal Credit Union**
 - New Class A Construction adds 30,000 RSF to market
 - Quoted rents of \$24 PSF
- **City Plaza II**
 - 256,000 Square Feet
 - 12 Floors (4-5 Floors Remaining)
 - \$28.00 PSF quoted rents
- **Possible North Tower Expansion**
 - Plans for 20,000 additional square feet to be added
- **Large Class B Vacancies**
 - Commerce Building – 140,000 RSF
 - State National – 20,000 RSF
 - 525 Florida – 15,000 RSF

Acadian/College Office Market

- **Current Class A occupancy rate of 100%**

- **Average Class A rental rate of \$20.75 psf/year**

Current Class B occupancy rate of 85.24%

- **Current Class B rental rate of \$16.50 psf/year.**





Acadian/College Office Market Factors

- **Class A still maintaining 100% occupancy**
- **New Construction at Towne Center**
 - Build to Suits for State Farm and Omni Bank
 - Commerce Circle – 30,000 RSF with 50% pre-leased
 - 7,500 RSF with 67% pre-leased
 - Proposed 60,000 RSF fronting on Corporate
 - Proposed twin tower mid-rise with 20,000 sq.ft. condo floors
- **Large block vacancy at Corporate II of 27,000 sq.ft.**
- **Location still drives demand in this segment**

Sherwood Office Market

- **Current Class A occupancy rate of 100%.**
- **Average Class A rental rate is \$18.65 psf/year.**
- **Current Class B occupancy rate of 84.19%.**
- **Current Class B asking rate is \$15.67 psf/year.**





Sherwood Office Market Factors

- **Looming Vacancies Rapidly Absorbed**
 - ENGlobal Engineering takes 25,000+/- RSF at 4000 Sherwood
 - Spectrum Engineering takes former Amedysis space in IBM Building
- **Large Block vacancies still exist**
 - ANMC Plaza – 20,000 RSF
 - Security National's Bellsouth Building – 20,000+/- RSF
 - Sherwood Tower – 13,000 +/- RSF
 - Sherwood Oaks – 25,000 +/- RSF
- **Investors still bullish on this market segment as several buildings trade in 2006**
- **Accessibility still the largest concern for this market segment.**

Airline/Florida Office Market

- **Current Class B occupancy rate of 75.39%.**
- **Current Class B asking rate is \$13.50 psf/year**
- **No Class A buildings in this market segment**



Airline/Florida Office Market Factors

- **(2006) “Enormous benefit/revitalization from Hurricane Katrina”**
 - Corps of Engineers occupies 54,000 sq.ft. at 1900 Lobdell
 - Credit Union buys 1771 North Lobdell
 - VA Clinic re-occupies 232 Foster
 - Investor buys former Bank Branch adjacent to 1900 Lobdell
 - 200 acres on Lobdell proposed residential development

- **(2007)...???**
 - Corps of Engineers vacates 54,000 sq.ft. at 1900 Lobdell
 - 1771 Lobdell placed on market for sale
 - VA never moves back into 232 S. Foster
 - “Smiley Heights” development is on the slow track

- **Direct General move out will create a 90,000 sq.ft. vacancy later this year**

- **Success of Bon Carre’ and BRCC are helping the area**



Essex/Bluebonnet Office Market

- **Current Class A occupancy rate of 95.49%.**
- **Average Class A asking rate is \$19.54 psf/year**
- **Current Class B occupancy rate of 99.01%**
- **Average Class B asking rate is \$13.00 psf/year**



Essen/Bluebonnet Office Market Factors

- **New Construction on-line / proposed**
 - Perkins Rowe – 140,000 +/- RSF 60% Pre-leased
 - Spatz Building – 80,000 +/- RSF Proposed
 - Perkins Palms – 60,000 +/- RSF Proposed
 - Perkins @ Kenilworth – 30,000 +/- RSF Proposed
- **United Plaza has re-leased all vacancy created by Wells Fargo relocation to Perkins Rowe.**
- **Traffic concerns have proven to be a non-issue for tenants**



Garden Office Space

Quick Facts

- Construction ongoing in southeast Baton Rouge
- Segment expected to benefit further from low supply in the Class A & B markets
- Sales prices for new construction have risen to \$160 to \$175 per square foot
- Rental rates have topped \$20 per square foot but still average \$16.00-\$19.00
- Construction of this segment will be slowed by increasing cost of land





Forecast

- **With population and job growth estimates remaining positive, the office market will continue to improve.**
- **Low supply will continue for the short term, but new construction will eventually “level out” the market and bring us back to more traditional occupancy**
- **Older, aged buildings will be forced to upgrade or offer discounts to fill large block vacancies**
- **(2006)...Influx of Federal spending (estimated at over \$100 billion for the Gulf Coast) will have a domino effect on several industries fueling office demand**
- **(2006)...Expect to see growth and expansion in local branches of national companies as they increase their presence in Baton Rouge**