



2009 Baton Rouge Office Market Overview

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Executive Summary

- **National recession slows local demand for office space**
- **Large amount of sublease space enters market**
- **Investors and Tenants taking the “wait and see” approach**
- **Buyer/Seller and Landlord/Tenant expectations still at odds**
- **Market continues to equalize/normalize**



Baton Rouge Office Market

Spring 2009



Class B – 2,853,397 Square Feet

Thirty Three (33) Buildings



Thirty Three (33) Buildings



Class A – 3,840,055 Square Feet



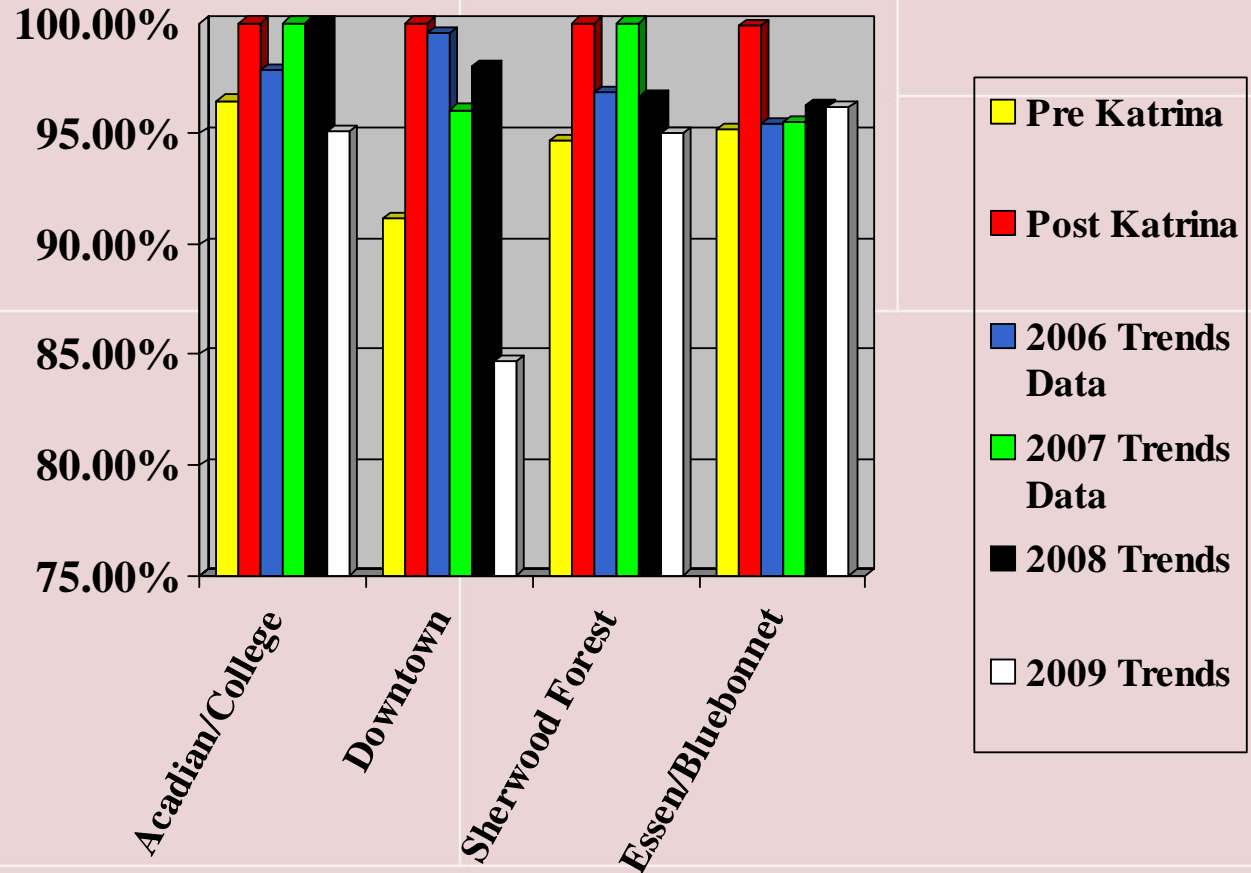
Baton Rouge Office Market

Spring 2009



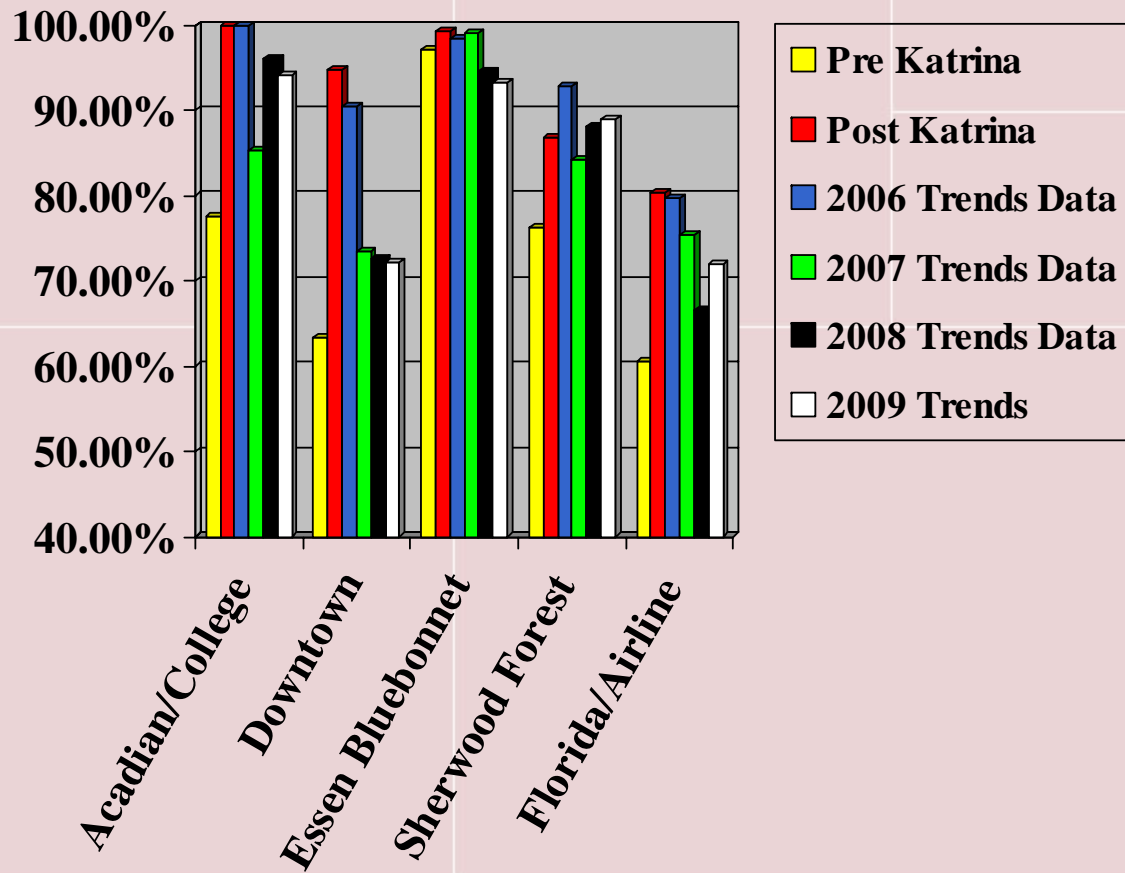
	Class A	Class B	Total
Downtown	84.66%	72.10%	80.10%
Acadian/College	95.11%	94.09%	94.89%
Essen/Bluebonnet	94.98%	93.25%	94.86%
Sherwood Forest	96.21%	89.00%	91.25%
Florida/Airline	N/A	71.99%	71.99%
Total	91.42%	77.29%	85.39%

Baton Rouge Office Market Class A Space



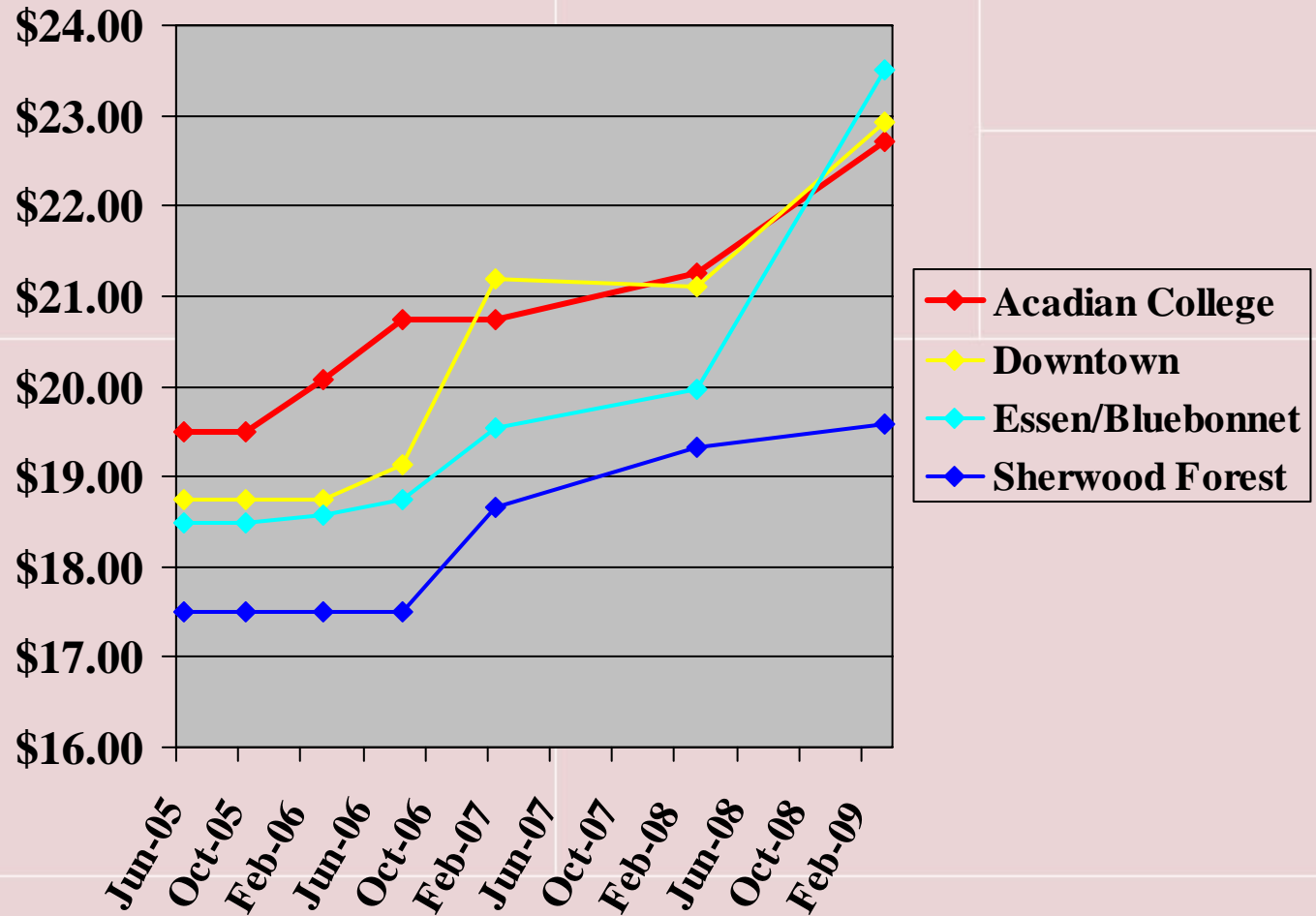
Baton Rouge Office Market

Class B Space



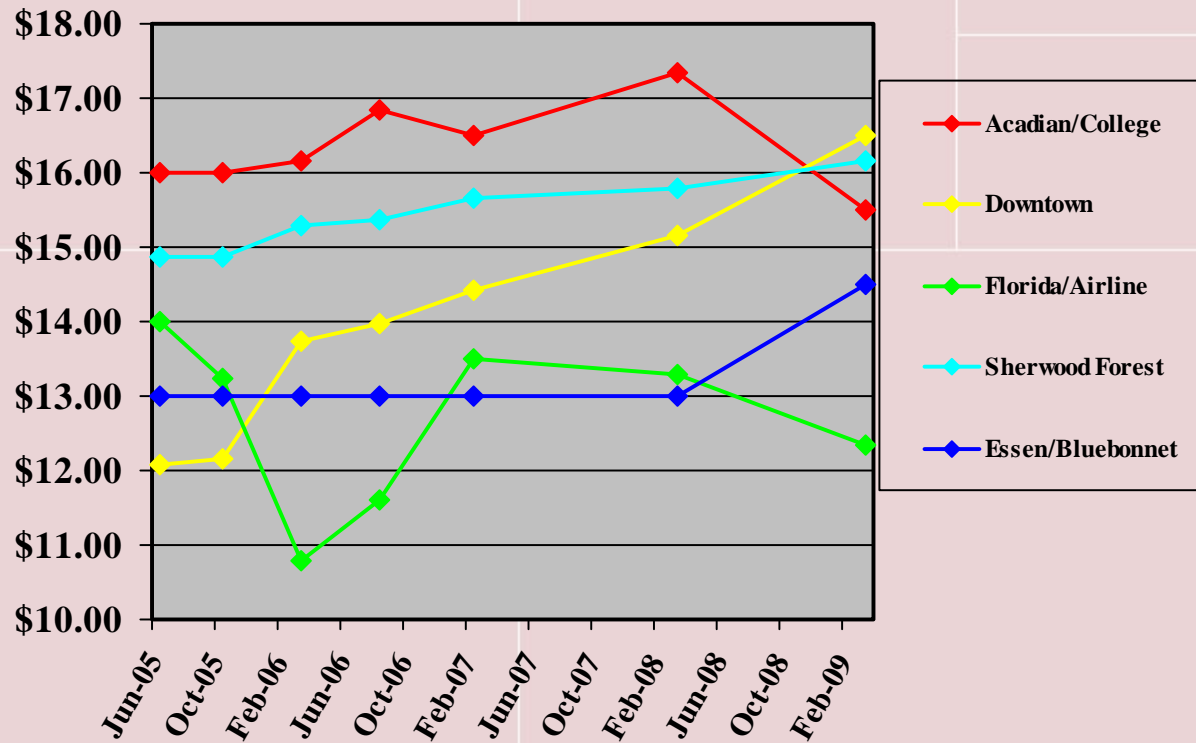
Baton Rouge Office Market

Quoted Rental Rates - Class A



Baton Rouge Office Market

Quoted Rental Rates - Class B



Downtown Office Market

YTD 2009

- **Current Class A occupancy rate of 84.66%**
- **Average Class A rental rate of \$22.92 psf/year**
- **Current Class B occupancy rate of 72.10%**
- **Current Class B rental rate of \$16.50 psf/year**



Downtown Office Market Factors

- **City Plaza II Finalizing Construction**
 - 253,000 Square Feet
 - 12 Floors (4-5 Floors Remaining)
 - \$28.00 -\$30.00 PSF quoted rents
 - Ready for TI
- **City Plaza I / One American Vacancy**
 - Baker Donelson move (13,000 sq.ft.)
 - Phelps Dunbar relocation to City Plaza II (32,000 sq.ft.)
 - Business Report relocation
 - Stanford Group shut down
- **Historic Building Renovations**
 - Kress, Welch, Levy Building
 - Gordon Building
 - 421 Third Street
- **Large Class B Vacancies**
 - Commerce Building – 140,000 RSF
 - 339 Florida – 23,000 RSF



City Plaza II



Kress/Welch/Levy Building Renovation



Gordon Building Renovation



421 Third Street Renovation



Acadian/College Office Market

YTD 2009

- **Current Class A occupancy rate of 95.11%**

- **Average Class A rental rate of \$22.71 psf/year**

Current Class B occupancy rate of 94.09%

- **Current Class B rental rate of \$15.50 psf/year.**





Acadian/College Office Market Factors

- **Class A still strong but showing signs of softening**
- **Class B space is sitting on market for extended periods**
- **Sublease space enters market**
 - 4,300 sq.ft. at Corporate II
 - 11,000 sq.ft. @ Corporate Center
- **Upcoming Lamar relocation**
 - Plans to renovate the former Chase operations center next door
 - Will leave 54,000 sq.ft. available in approximately 18 months
- **New construction at Towne Center**
 - 18,000 sq.ft. of excess space available in Republic Finance building
 - Several lots trading for build to suit/owner occupant buildings

Republic Finance @ Towne Centre

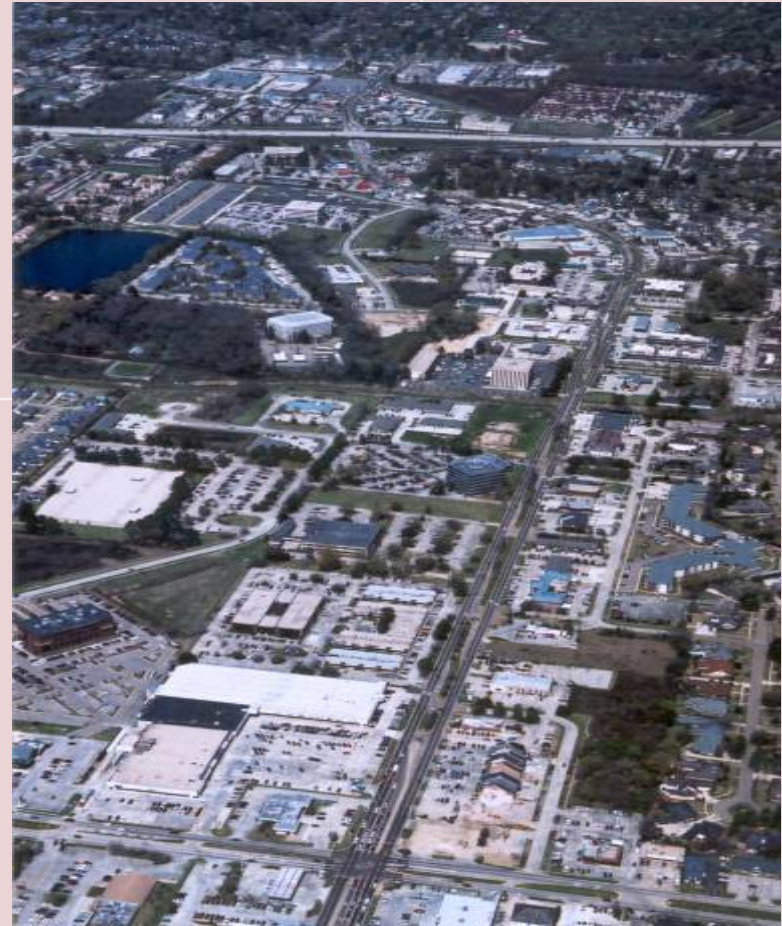


Sherwood Office Market

YTD 2009



- **Current Class A occupancy rate of 96.21%.**
- **Average Class A rental rate is \$19.58 psf/year.**
- **Current Class B occupancy rate of 89.00%.**
- **Current Class B asking rate is \$16.17 psf/year.**



Sherwood Office Market Factors

- Existing vacancies sitting on market for extended periods
- Occupancy and rental rates remain stable
- Road construction at Sherwood/Coursey should improve traffic flow (a common leasing obstacle)



Airline/Florida Office Market

YTD 2009

- **Current Class B occupancy rate of 71.99%.**
- **Current Class B asking rate is \$12.33 psf/year**
- **No Class A buildings in this market segment**





Airline/Florida Office Market Factors

Area Buildings For Sale or Lease

- Direct General (90,000 +/- sq.ft.) move out in late 2007
- 1900 Lobdell (54,000 +/- sq.ft.) has been unoccupied since the Corps of Engineers vacated in February 2007
- 1771 Lobdell (110,000 +/- sq.ft.) – approximately 1/2 occupied by a school, the remainder has been unoccupied for several years

Essex/Bluebonnet Office Market

YTD 2009

- **Current Class A occupancy rate of 94.98%.**
- **Average Class A asking rate is \$23.50 psf/year**
- **Current Class B occupancy rate of 93.25%**
- **Average Class B asking rate is \$14.50 psf/year**





Essen/Bluebonnet Office Market Factors

- **Sublease space enters market**

- United Plaza II (18,000 +/- sq.ft.)
- United IV (7,716 +/- sq.ft.)

- **Large blocks pending or available**

- Essen Centre (19,000 +/- RSF)
- Perkins Rowe (31,000 +/- sq.ft.)
- Cardinal Hill (6,500 +/- sq.ft.)
- Essen Crossing (10,000 +/- sq.ft.)

- **Most proposed new construction in area sits dormant**

- Spatz Building – 80,000 +/- RSF Proposed
- Perkins @ Kenilworth – 30,000 +/- RSF Proposed

Cardinal Hill





Forecast

- **Length of recession and negative media will continue to slow market activity**
- **Buyers and Tenants will continue to take the “wait and see” approach unless Landlords and Sellers start to lower expectations**
- **Locally, the underlying economics and fundamentals are sound and there are no underlying problems that would slow recovery**
- **Building/property values and occupancy/rental rates will remain at healthy market levels**