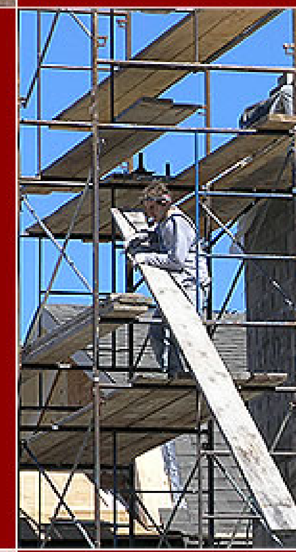
2008 Baton Rouge Office Market Overview

Presented by:

Branon W. Pesnell, CCIM, SIOR



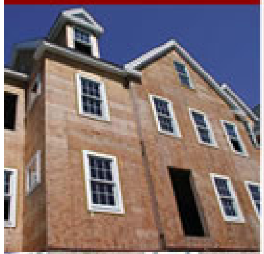
April, 2008

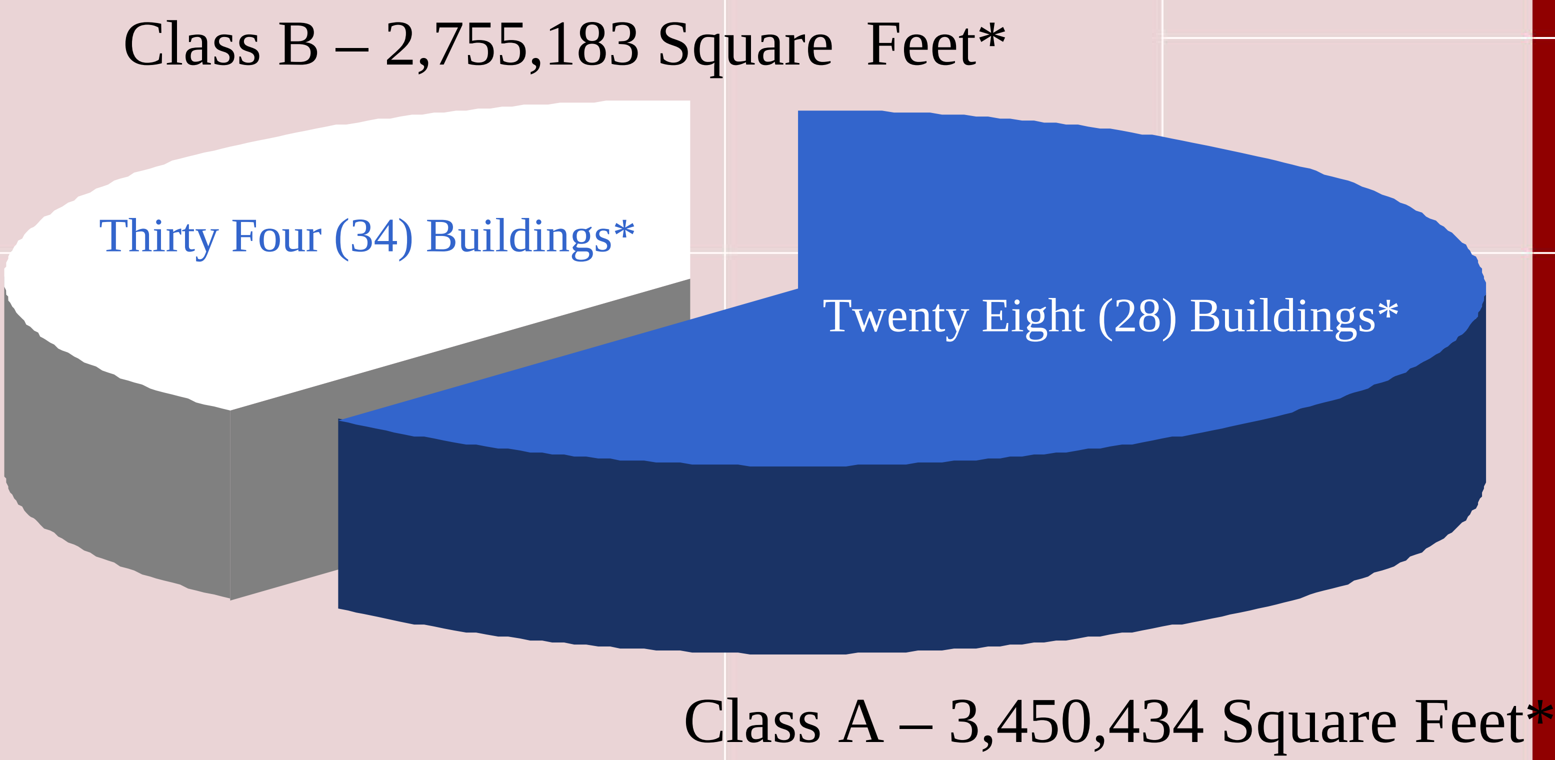
Executive Summary

- **Strong Competition remains for limited Class A space**
- **New construction affecting occupancy and rates**
- **Occupancies are basically unchanged over 2007 data, but quoted rates are slightly higher**
- **Class B market benefiting from low vacancy in Class A**
- **Katrina/Rita office demand is over**
- **Florida/Airline and CBD older properties house the majority of vacancies**
- **Market is beginning to equalize/normalize**

Baton Rouge Office Market

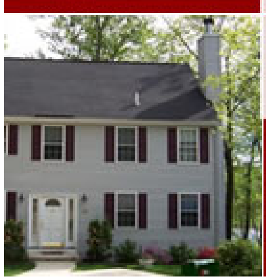
Spring 2008





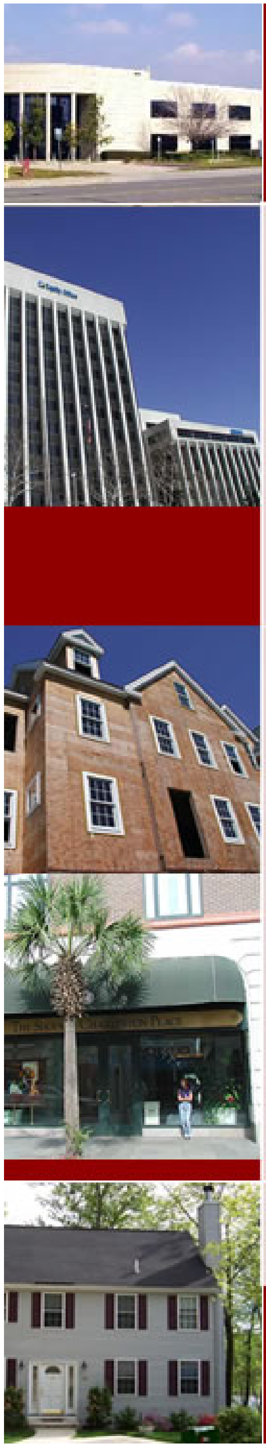
Baton Rouge Office Market

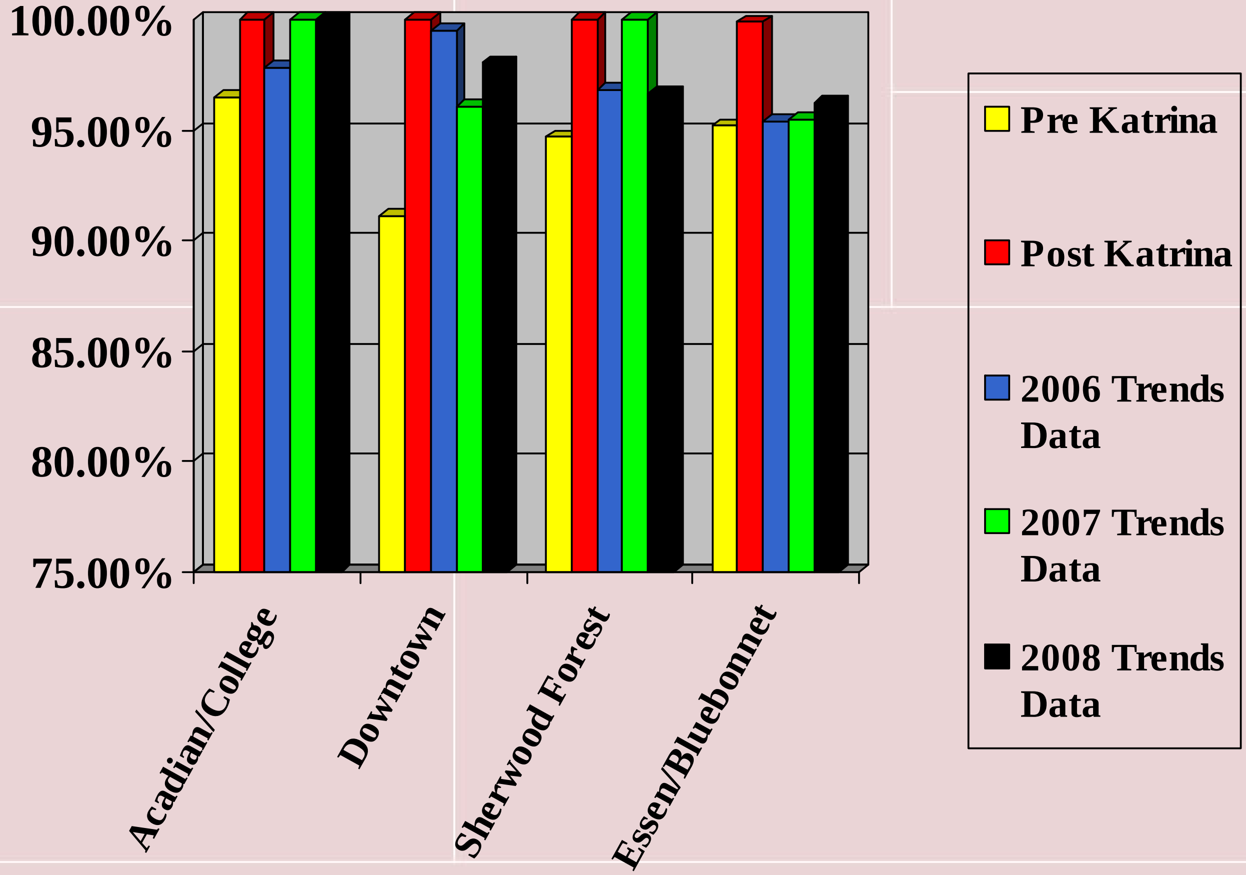
Spring 2008



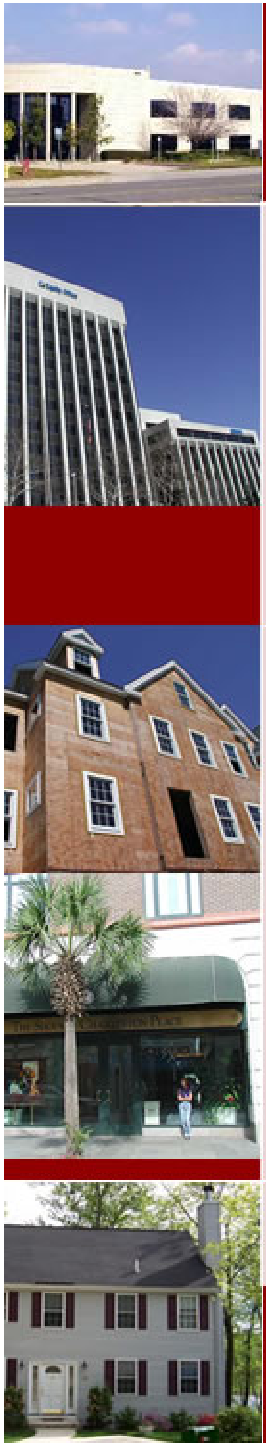
	Class A	Class B	Total
Downtown	98.05%	72.63%	87.59%
Acadian/College	100%	96.05%	98.80%
Essen/Bluebonnet	96.25%	94.43%	96.12%
Sherwood Forest	96.65%	88.05%	90.73%
Florida/Airline	N/A	66.49%	66.49%
Total	97.33%	75.82%	87.79%

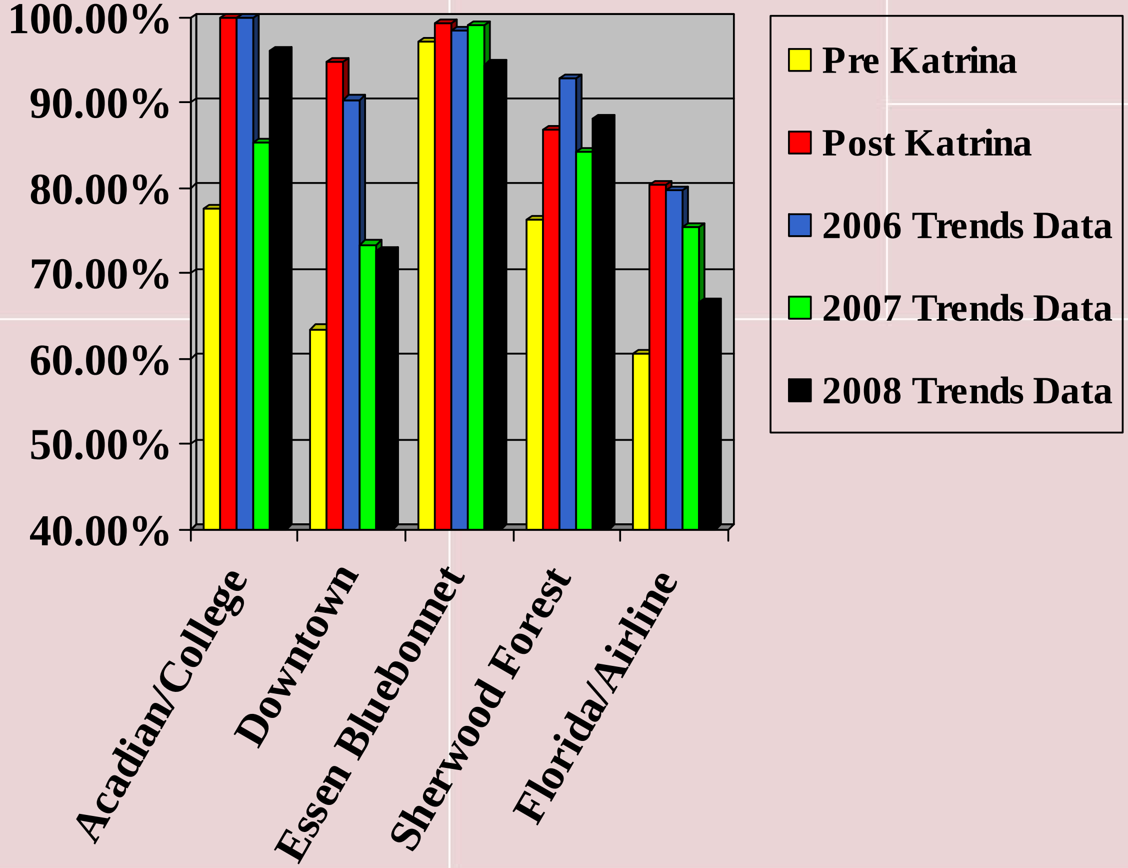
Baton Rouge Office Market
Class A Space





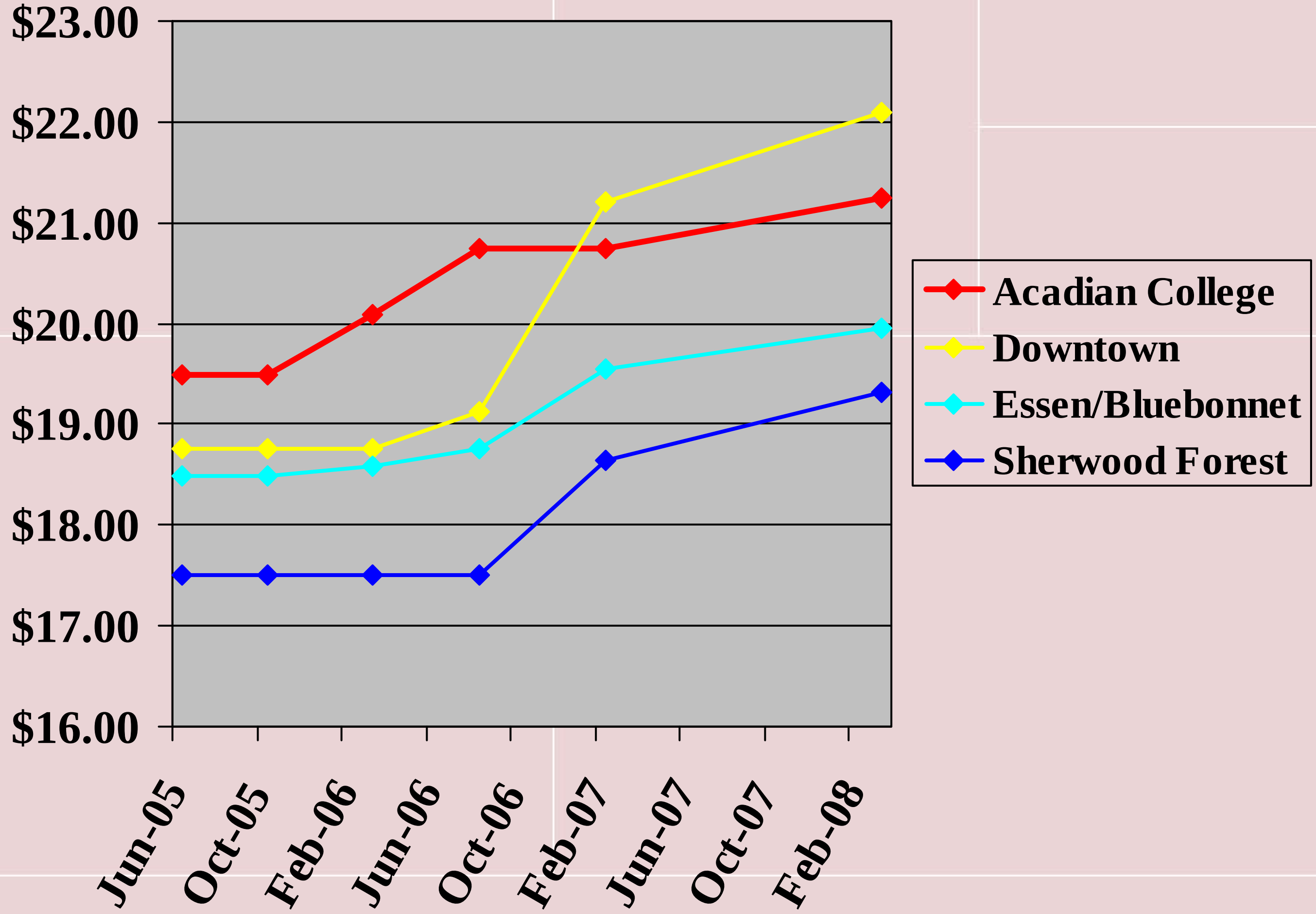
Baton Rouge Office Market
Class B Space



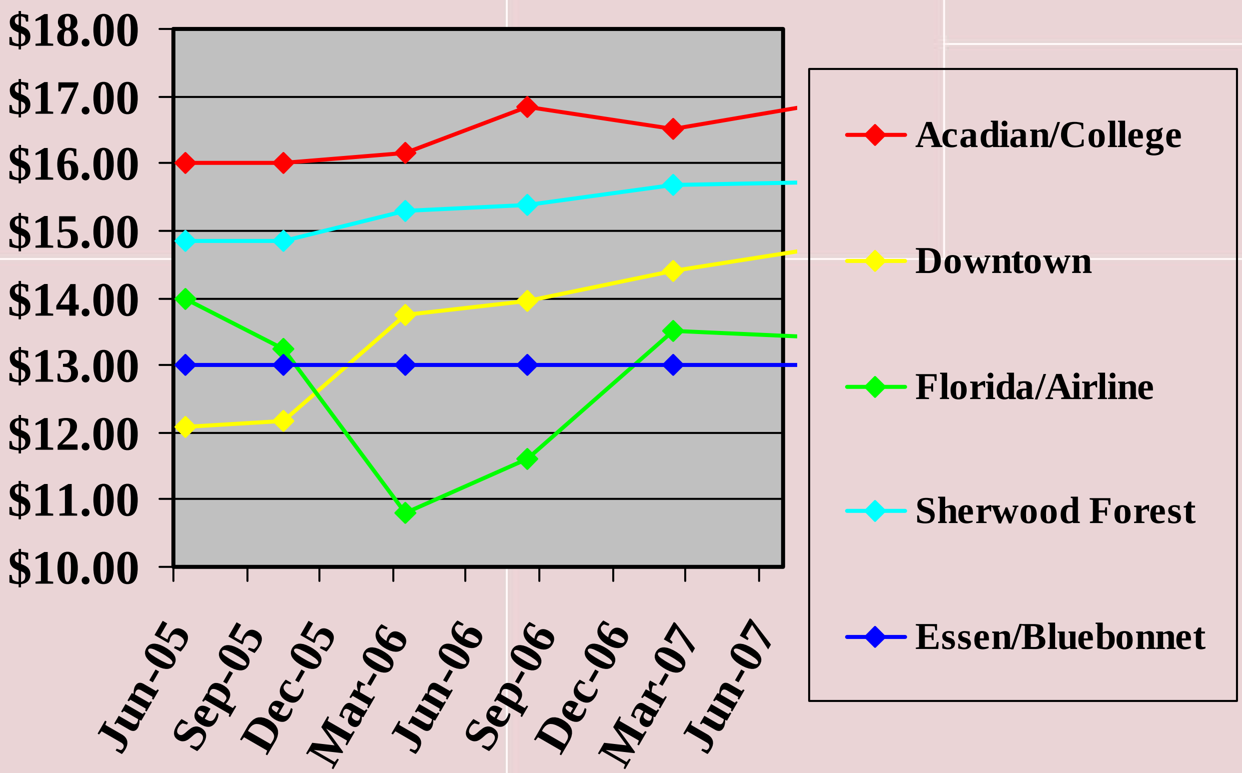


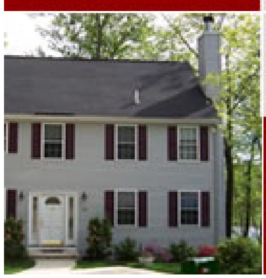
Baton Rouge Office Market

Quoted Rental Rates - Class A



Baton Rouge Office Market
Quoted Rental Rates - Class B





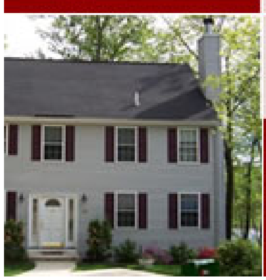
Downtown Office Market

YTD 2008

- **Current Class A occupancy rate of 98.05%**
- **Average Class A rental rate of $21.25 psf/year**
- **Current Class B occupancy rate of 72.63%**
- **Current Class B rental rate of $15.15 psf/year**







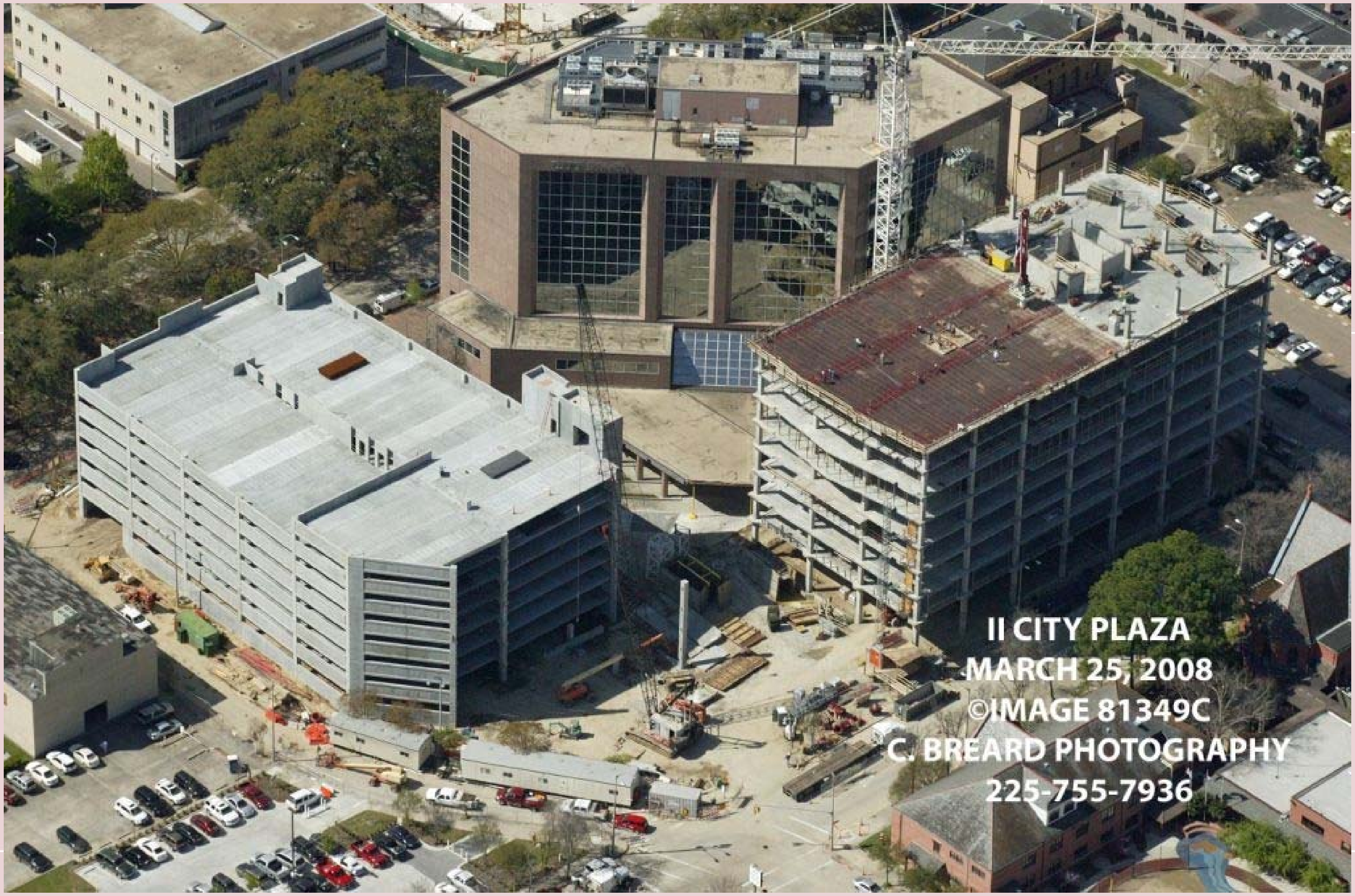
Downtown Office Market Factors

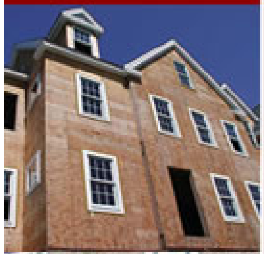
- **City Plaza II Under Construction**
  - 256,000 Square Feet
  - 12 Floors (4-5 Floors Remaining)
  - $28.00 -$30.00 PSF quoted rents
  - Ready for TI in the Fall
- **Pending North Tower & City Plaza II Vacancy (82,000 +/- sq.ft.)**
  - Chase will vacate a large block later this year (50,000 sq.ft.)
  - Phelps Dunbar relocation to City Plaza II (32,000 sq.ft.)
  - Plans for 20,000 additional square feet to be added
- **Historic Building Renovations**
  - Kress, Welch, Levy Building
  - Gordon Building
  - 421 Third Street
- **Large Class B Vacancies**
  - Commerce Building – 140,000 RSF
  - 525 Florida – 15,000 RSF

City Plaza II



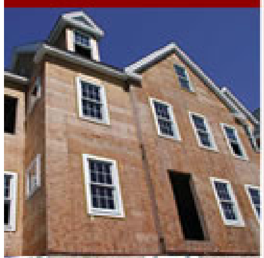






Kress/Welch/Levy Building Renovation

Gordon Building Renovation

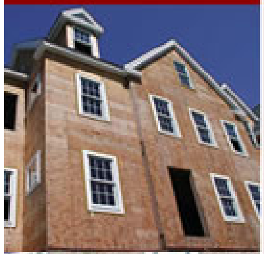


Chenevert | Architects LLC

Proposed Third Street Elevation

232 Third Street
Downtown Baton Rouge
for information email
232@chenevertarchitects.com

421 Third Street Renovation



Acadian/College Office Market

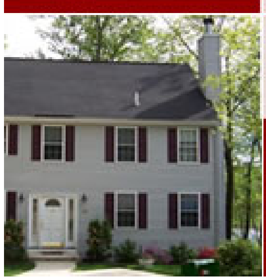
- Current Class A occupancy rate of 100%
- Average Class A rental rate of $21.25psf/year

Current Class B occupancy rate of 96.05%

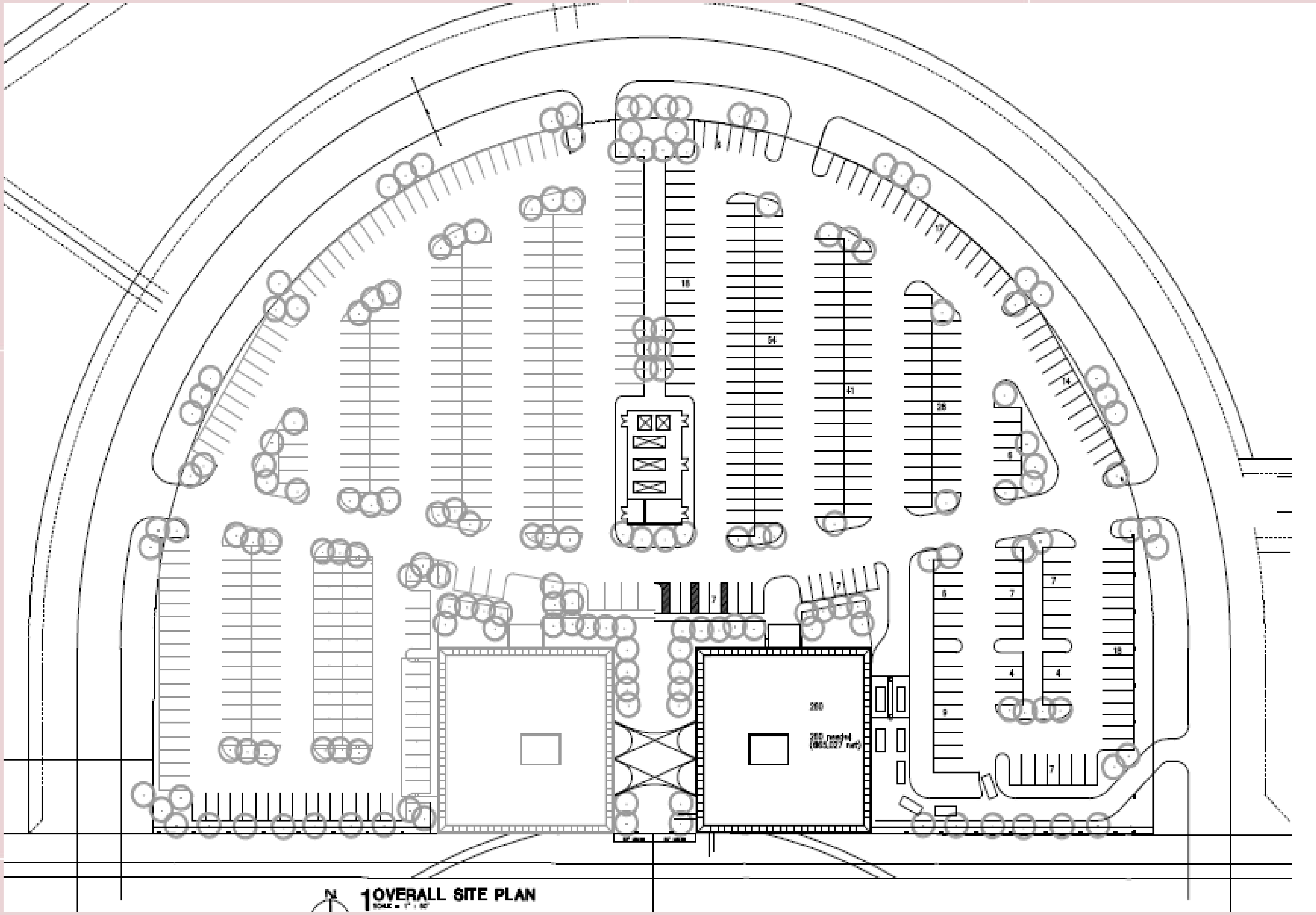
- Current Class B rental rate of $17.33psf/year.

Acadian/College Office Market Factors

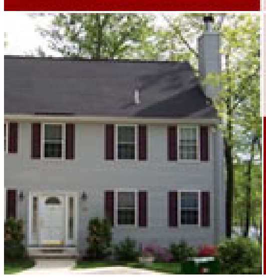
- **Class A still maintaining 100% occupancy**
- **Class B benefiting form lack of Class A Space**
- **New Construction at Towne Center**
  - Proposed twin towers 72,000 sq.ft. each on Commerce Circle
  - 15,000 sq.ft. of excess space available in Republic Finance building
  - Several lots trading for build to suit/owner occupant buildings



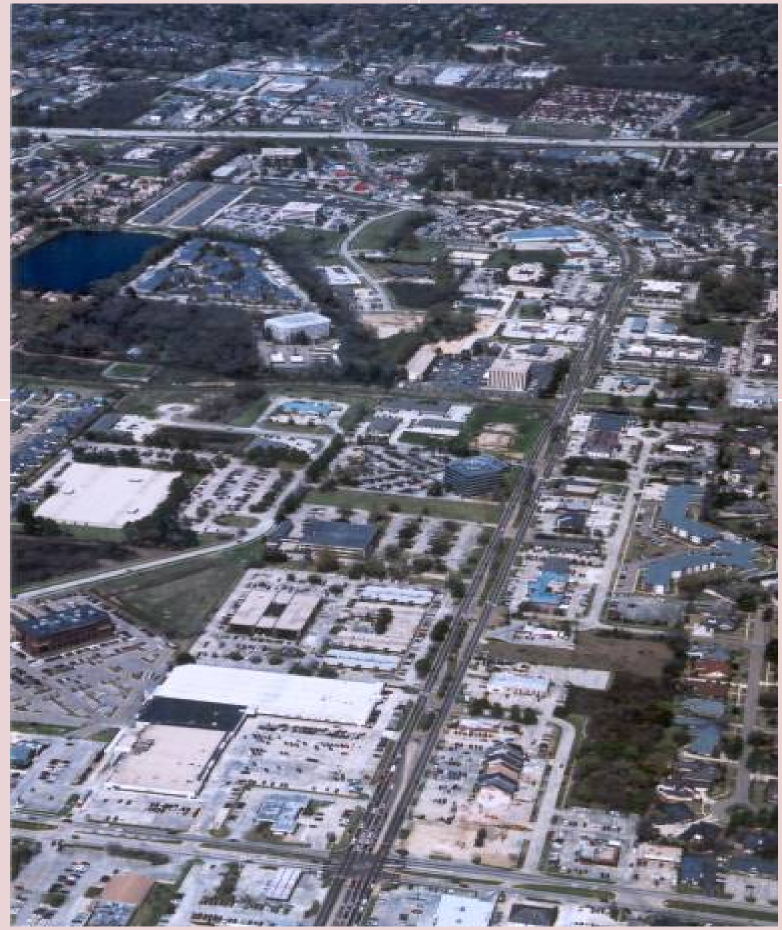
Office Buildings @ Towne Centre



Sherwood Office Market



- Current Class A occupancy rate of 96.65%.
- Average Class A rental rate is $19.32 psf/year.
- Current Class B occupancy rate of 88.05%.
- Current Class B asking rate is $15.78psf/year.

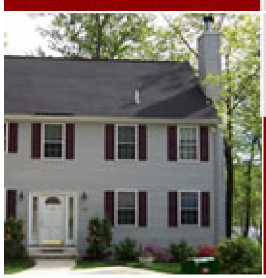


Sherwood Office Market Factors

- **Looming Vacancies Rapidly Absorbed**
  - Jacobs Engineering takes 25,000+/- RSF at 2900 Westfork
  - LHSAA Occupies 12,000 +/- RSF at ANMC
  - Progressive leases 16,000 +/- sq.ft. at Sherwood Tower

Airline/Florida Office Market

- Current Class B occupancy rate of 66.49%.
- Current Class B asking rate is $13.30 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.) has been unoccupied with the exception of a small portion for several years

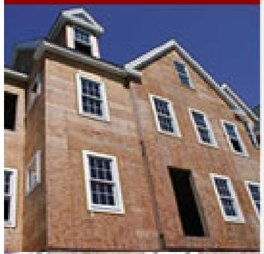




Essen/Bluebonnet Office Market

- Current Class A occupancy rate of 96.25%.
- Average Class A asking rate is $19.96psf/year
- Current Class B occupancy rate of 94.43%
- Average Class B asking rate is $13.00 psf/year





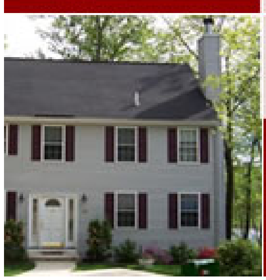
Essen/Bluebonnet
Office Market Factors

- **Strong competition for any available space in United Plaza**
- **Only significant vacancy Essen Centre (24,000 +/- sq.ft.) / Perkins Rowe (40,000 +/- sq.ft.)**
- **New Construction on-line / proposed**
  - Perkins Rowe – 140,000 +/- RSF 70% Leased
  - Spatz Building – 80,000 +/- RSF Proposed
  - Perkins @ Kenilworth – 30,000+/- RSF Proposed

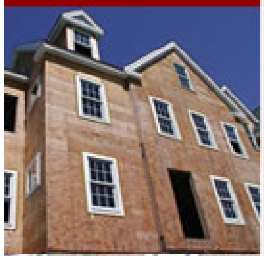
Spatz Building

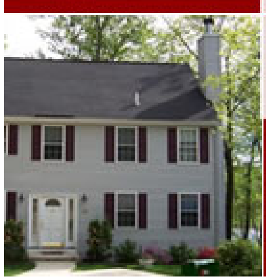







Perkins Rowe – G Block

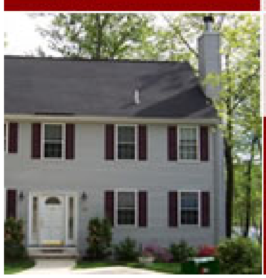




Perkins @ Kenilworth

View From Kenilworth Pkwy and Perkins Road Intersection

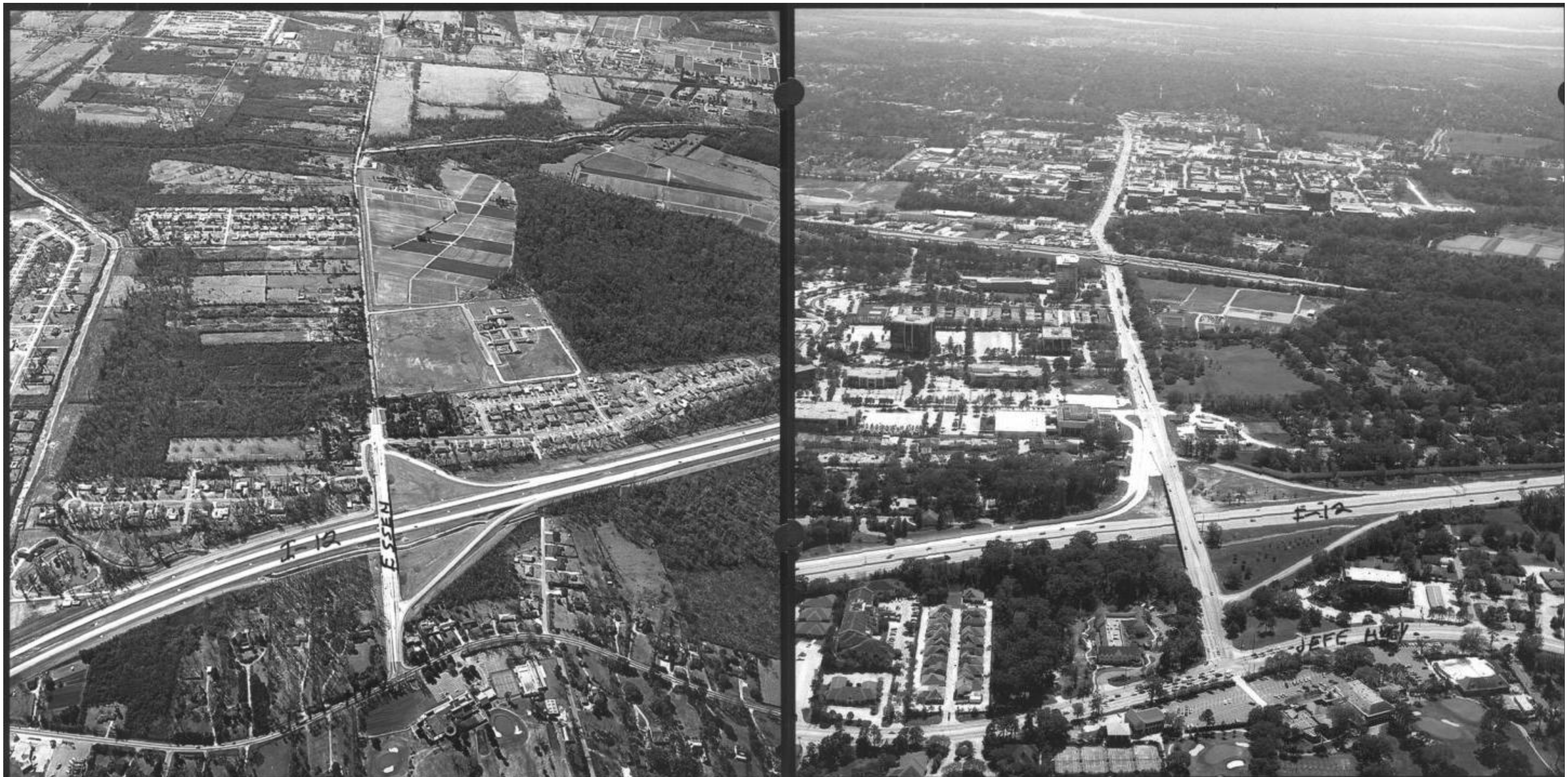
Forecast



- **Post Hurricane rush is over, but competition for available Class A space and quality Class B space will remain high. Few available options will force existing tenants to renew rather than relocate and new entrants into the market to opt for higher prices for new construction or compromise for less desirable space**
- **Market occupancy will start to “level out” with inclusion of new construction**
- **The higher quoted rates in new buildings and low vacancies may give existing Class A Landlord’s continued opportunity to increase rates.**
- **Class B Landlord’s that spend the money to upgrade their buildings or offer incentives will continue to benefit from the short supply of Class A space.**

THEN

NOW



Essen Lane South of I12 towards Perkins Road