

Real Estate Office Trends 2018

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2018 Executive Summary

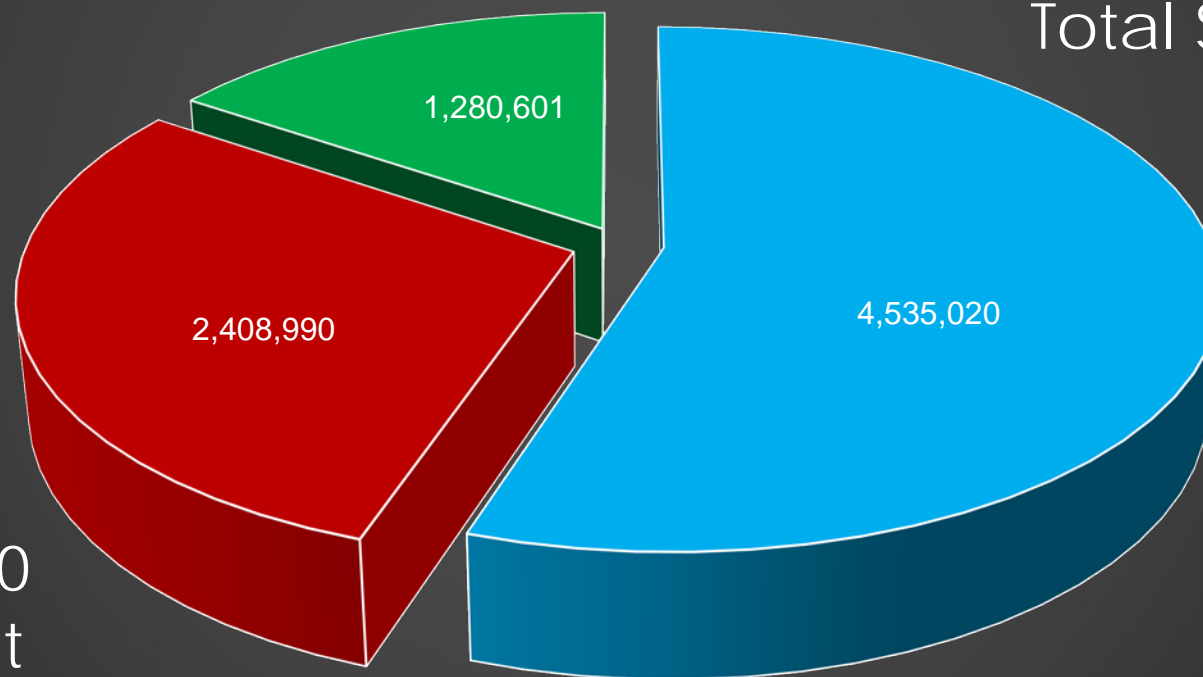
- Occupancy decreased from 82.41% in Spring 2017 to 82.22% in Spring 2018
- Positive absorption neutralized with new construction
- Garden Office on the Scene
- Rental rates remained relatively flat, with a modest increase in the Essen/Bluebonnet corridor
- Optimism for 2018

Baton Rouge Office Market

March 2018

Garden Condo – 1,280,601
Total Square Feet

Class A – 4,535,020
Total Square Feet

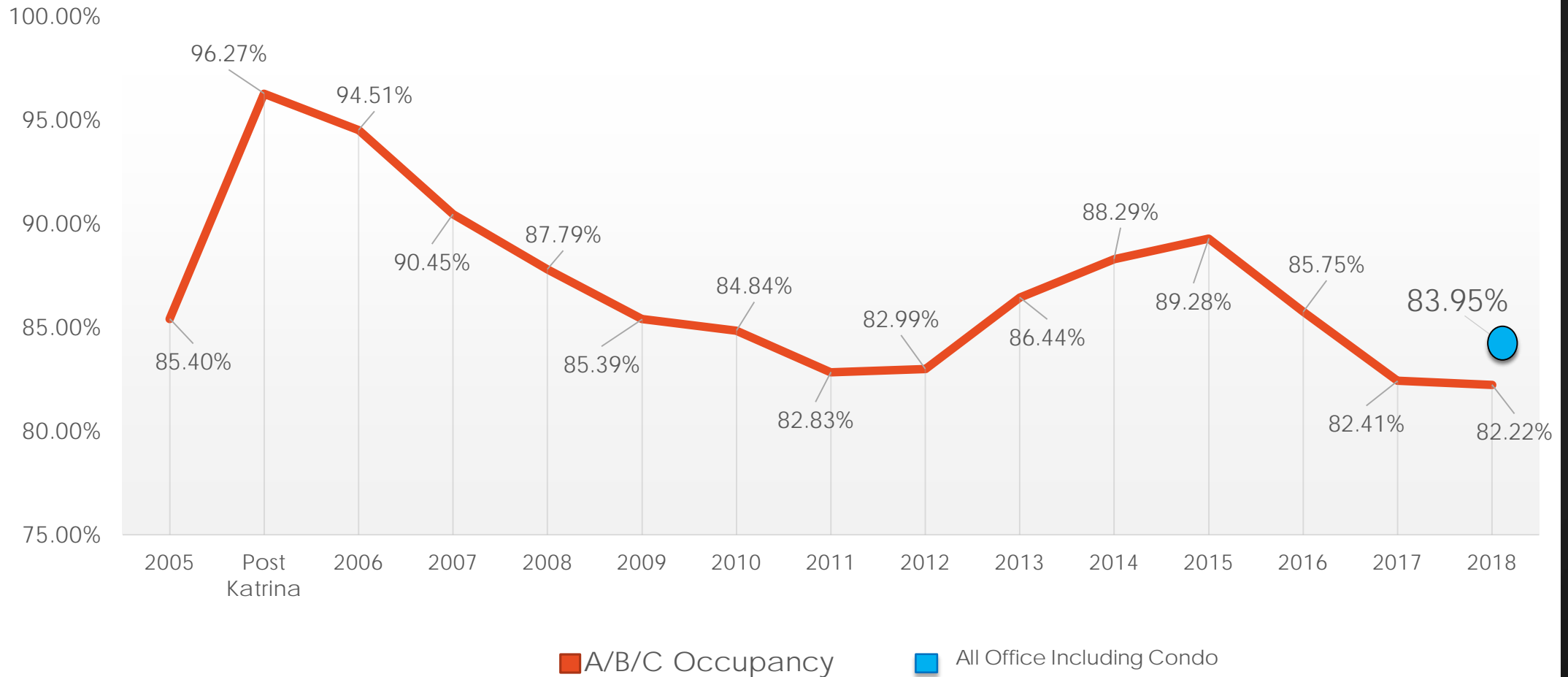


Class B – 2,408,990
Total Square Feet

■ Class A ■ Class B ■ Condo

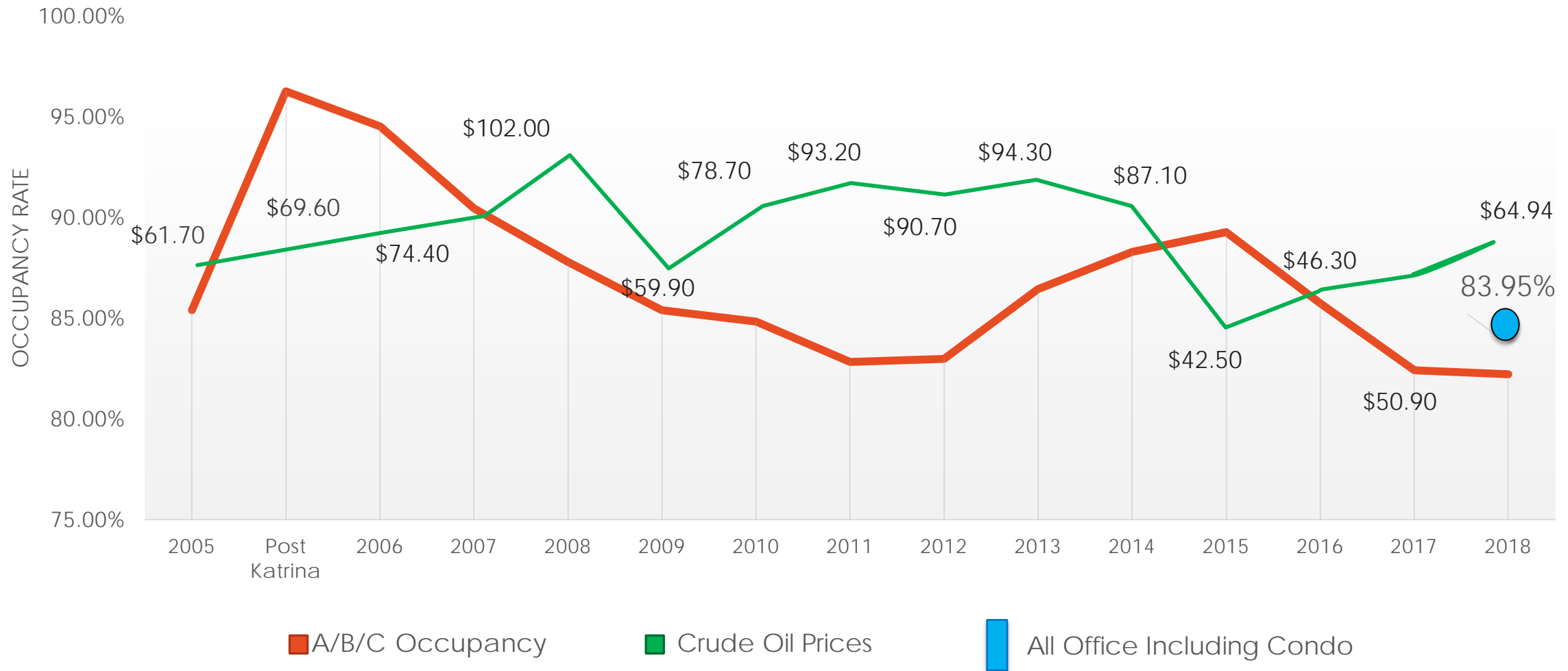
Baton Rouge Office Market

Historical Occupancy Class A/B/C



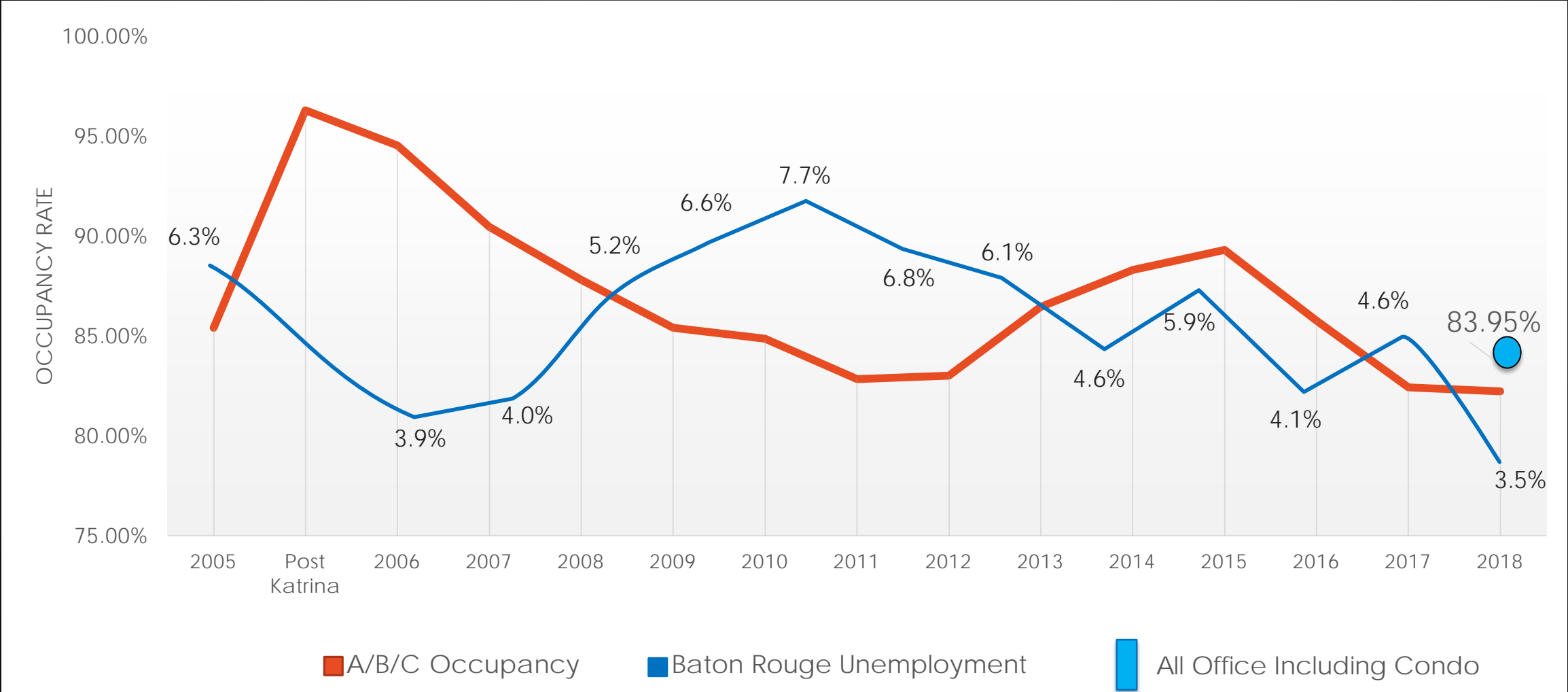
Baton Rouge Office Market

Historical Occupancy VS Crude Oil Prices



*Source: <http://www.macrotrends.net/1369/crude-oil-price->

Historical Occupancy VS Baton Rouge Unemployment



*Source: https://www.bls.gov/eag/eag.la_batonrouge_msa.htm 4/6/2018



Submarkets Overview



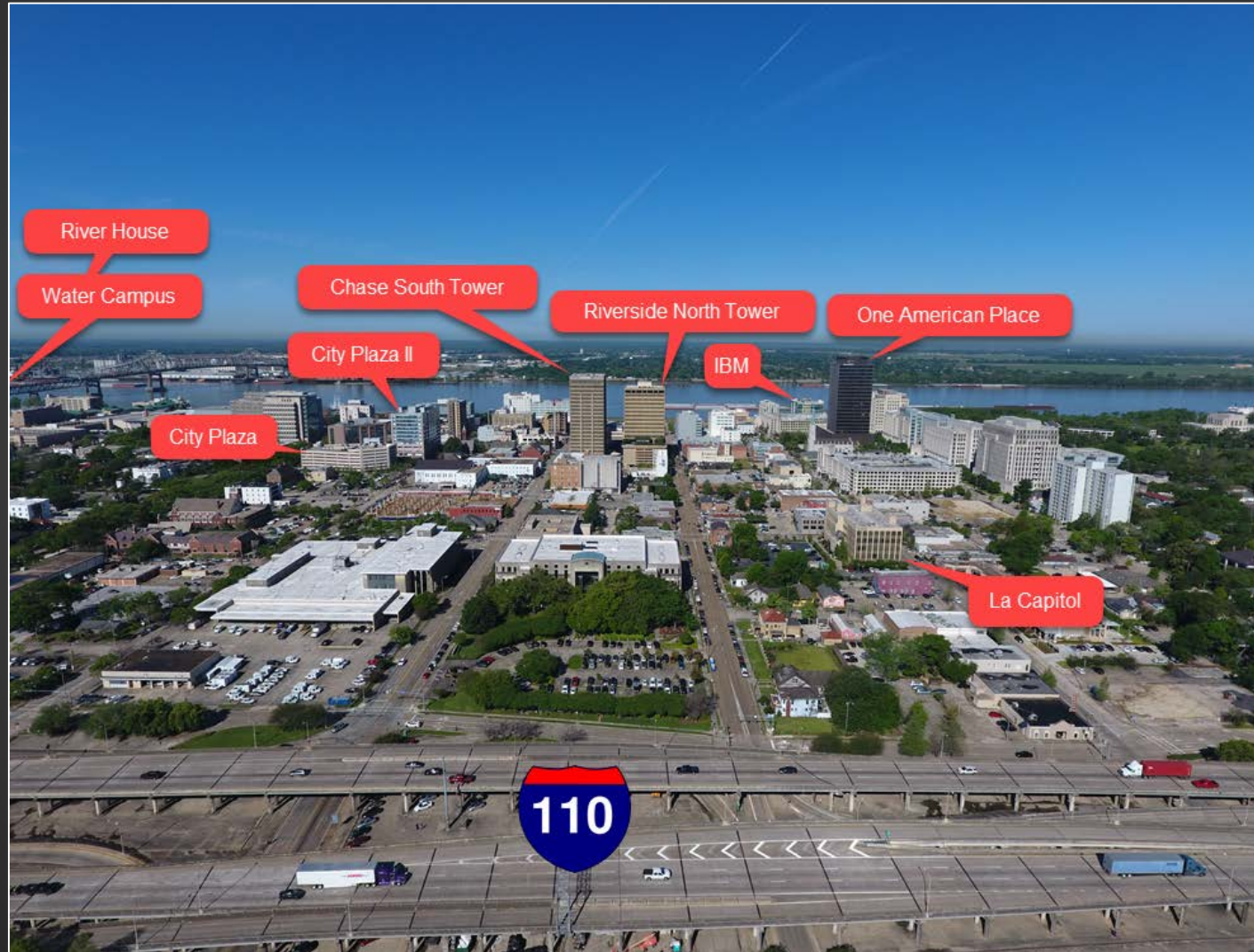
Submarkets

Acadian / College



Submarkets

Downtown



Submarkets

Sherwood Forest



Submarkets

Essen / Bluebonnet



Submarkets

Medical District

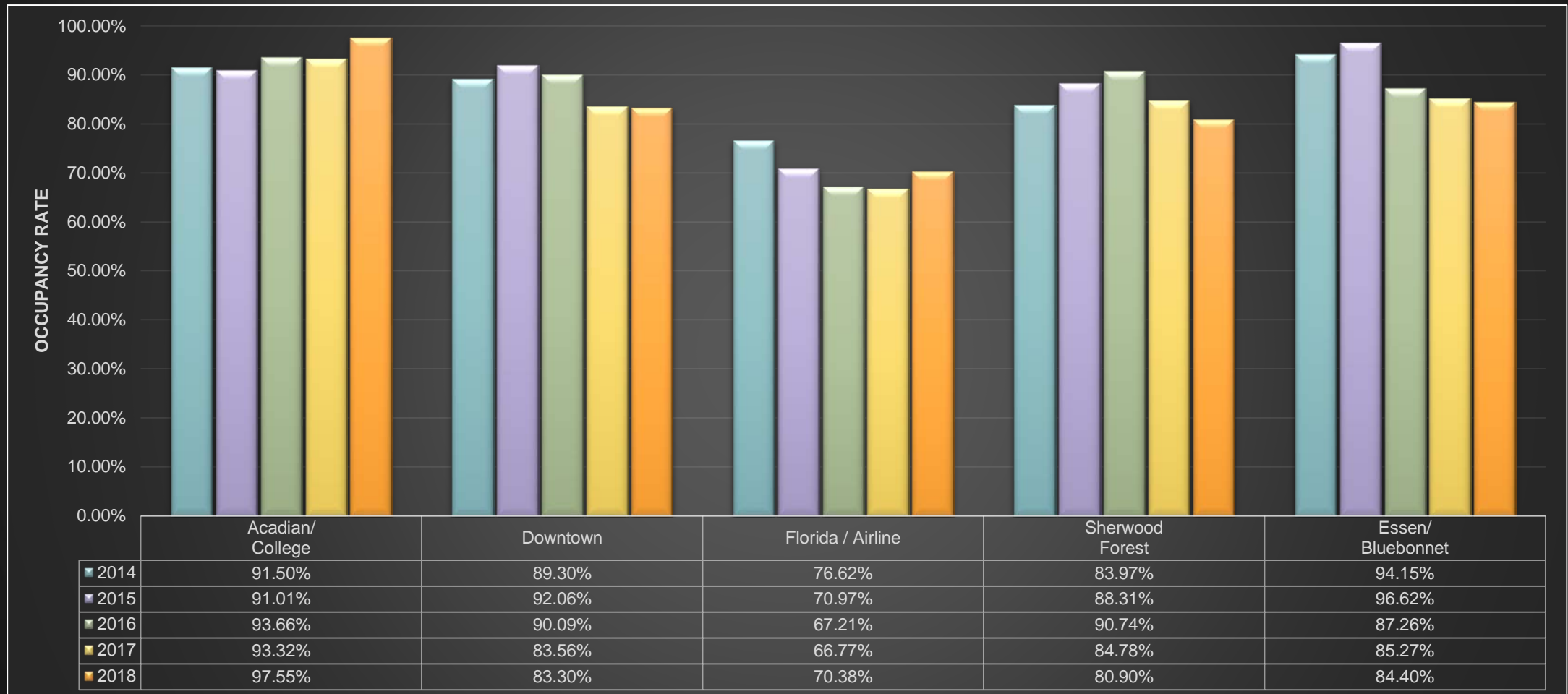


Baton Rouge Office Market

Class A & B Occupancy

Spring 2018

Occupancy 82.22%



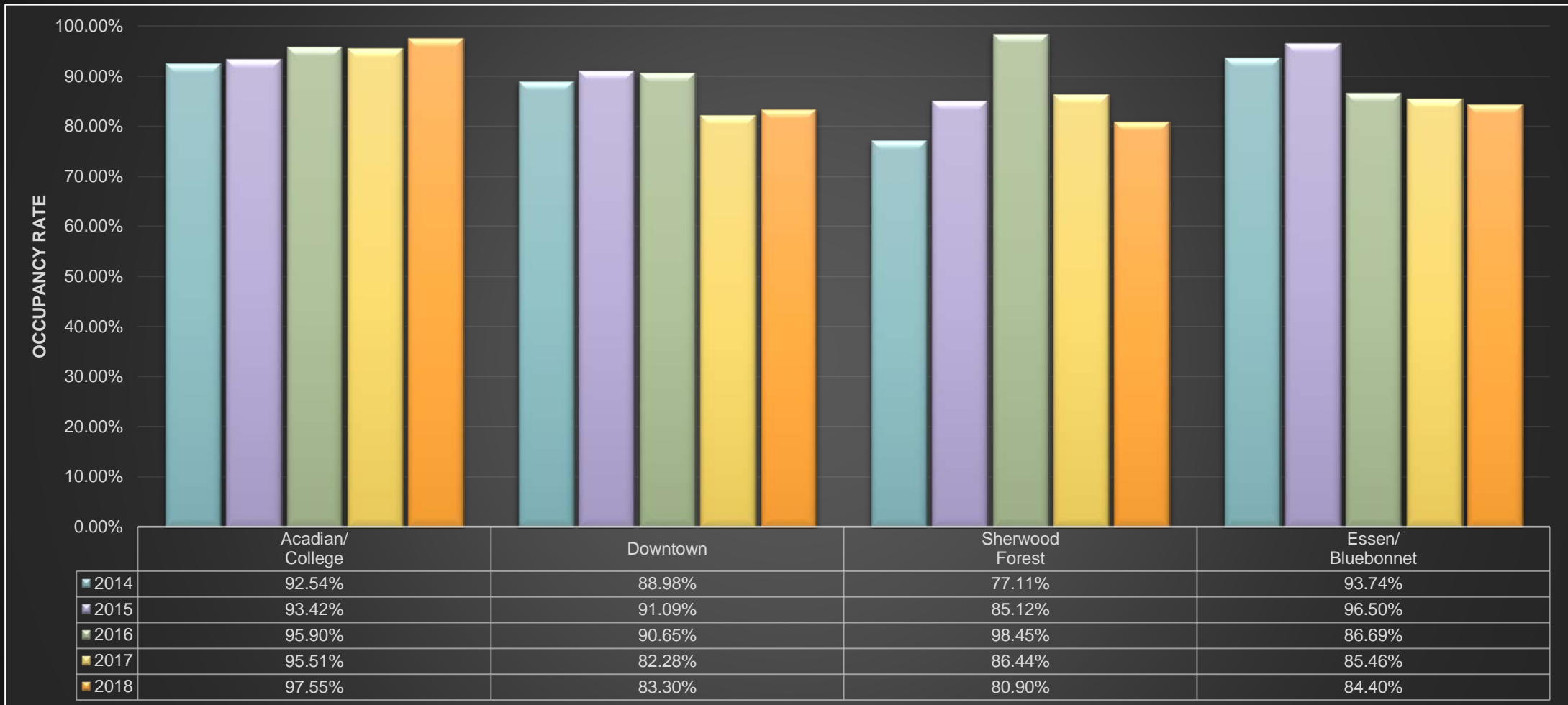
TRENDS

Baton Rouge Office Market

Class A Occupancy

Spring 2018

Class A Average – 85.62%

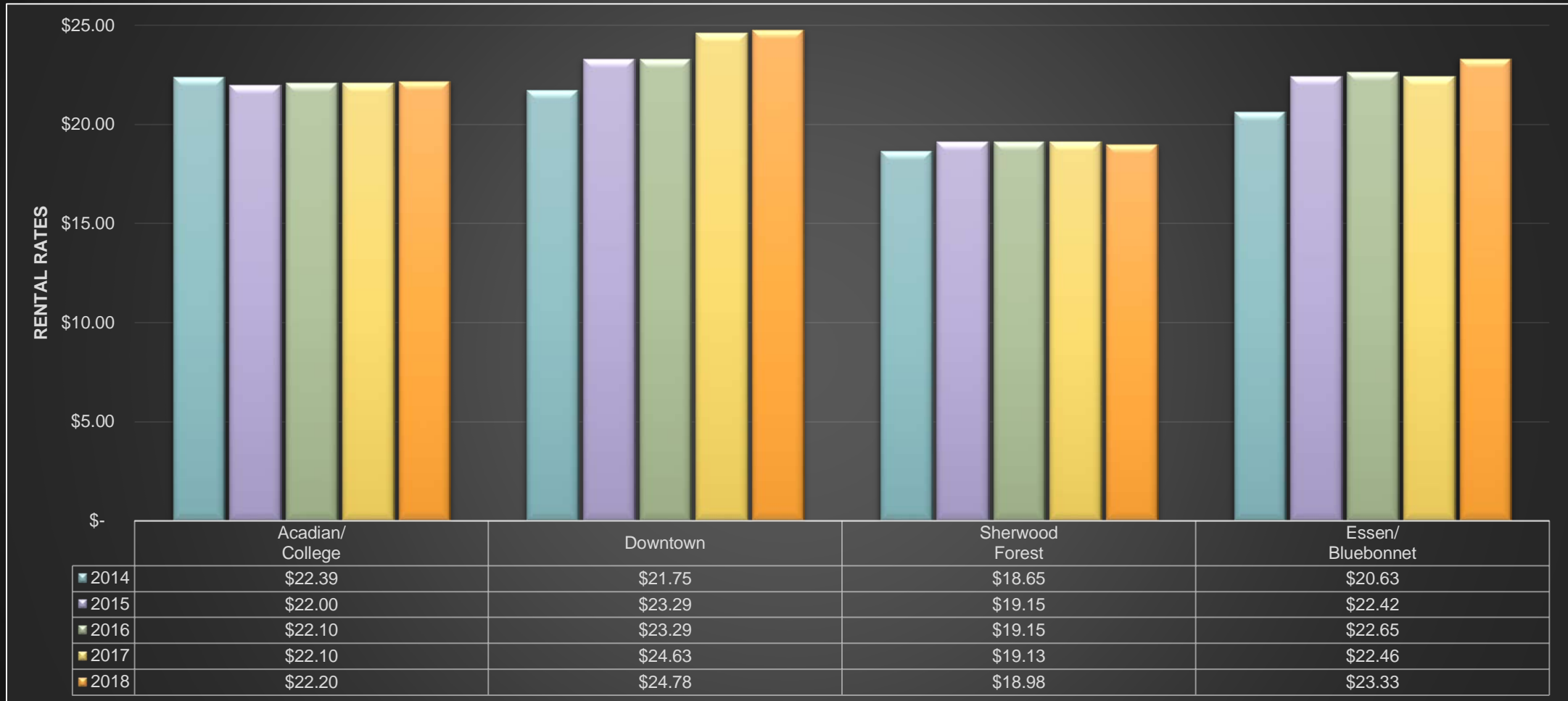


Baton Rouge Office Market

Class A Rental Rates

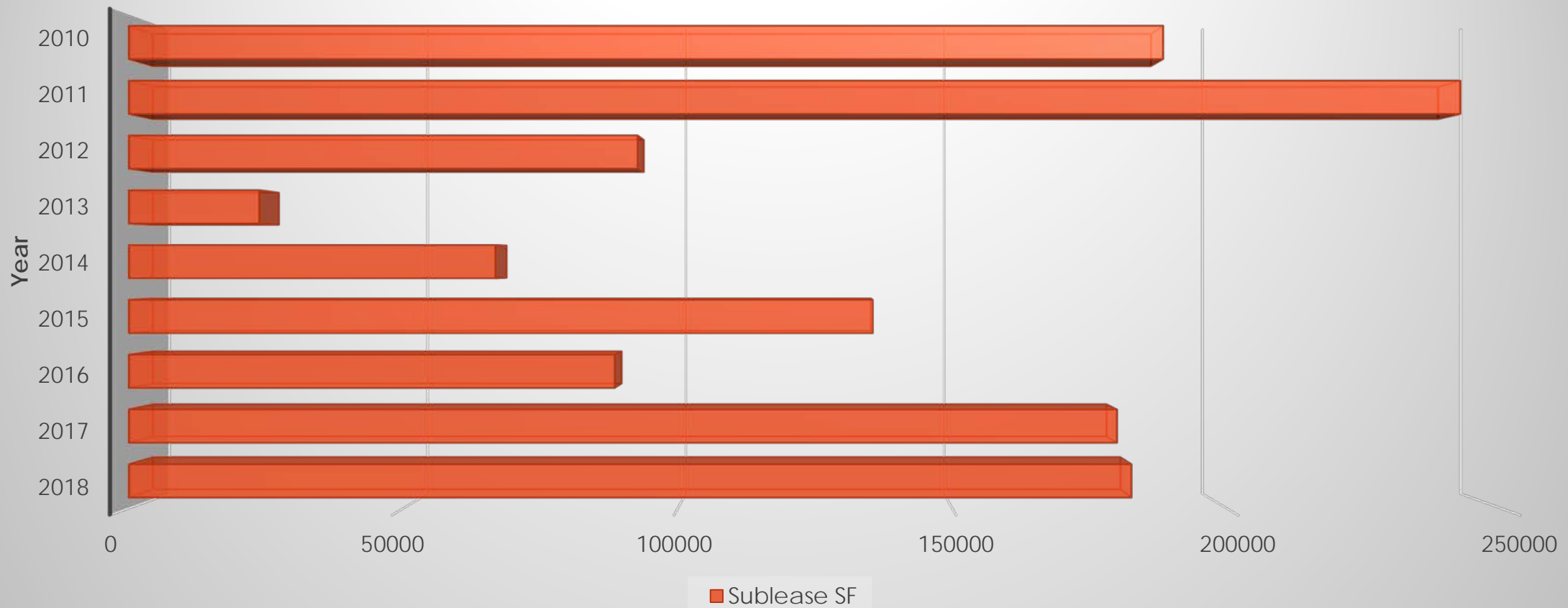
Spring 2018

Class A Average - \$22.32 PSF



Sublease Factor

Sublease SF



What Baton Rouge Area Brokers are Reporting in 2018

- Overall Occupancy Decreased in 2017
 - Higher Activity Than 2016
 - Garden Office Relevancy
 - New Inventory Tells a Better Story
- Optimistic Outlook Once Again
 - Oil is Trending Up
 - Markets Are At All-Time Highs
 - Unemployment
 - Petrochem
- Tenant Concessions Increased in 2017
 - Tenant Friendly
 - Varies By Submarket
- Current Demand
 - Old Campuses Searching For New Companies
 - Deals! 5-10k SF

Notable Sales in 2017



○ Corporate Atrium



○ 7884 Office Park

New Developments

Water Campus Phase II



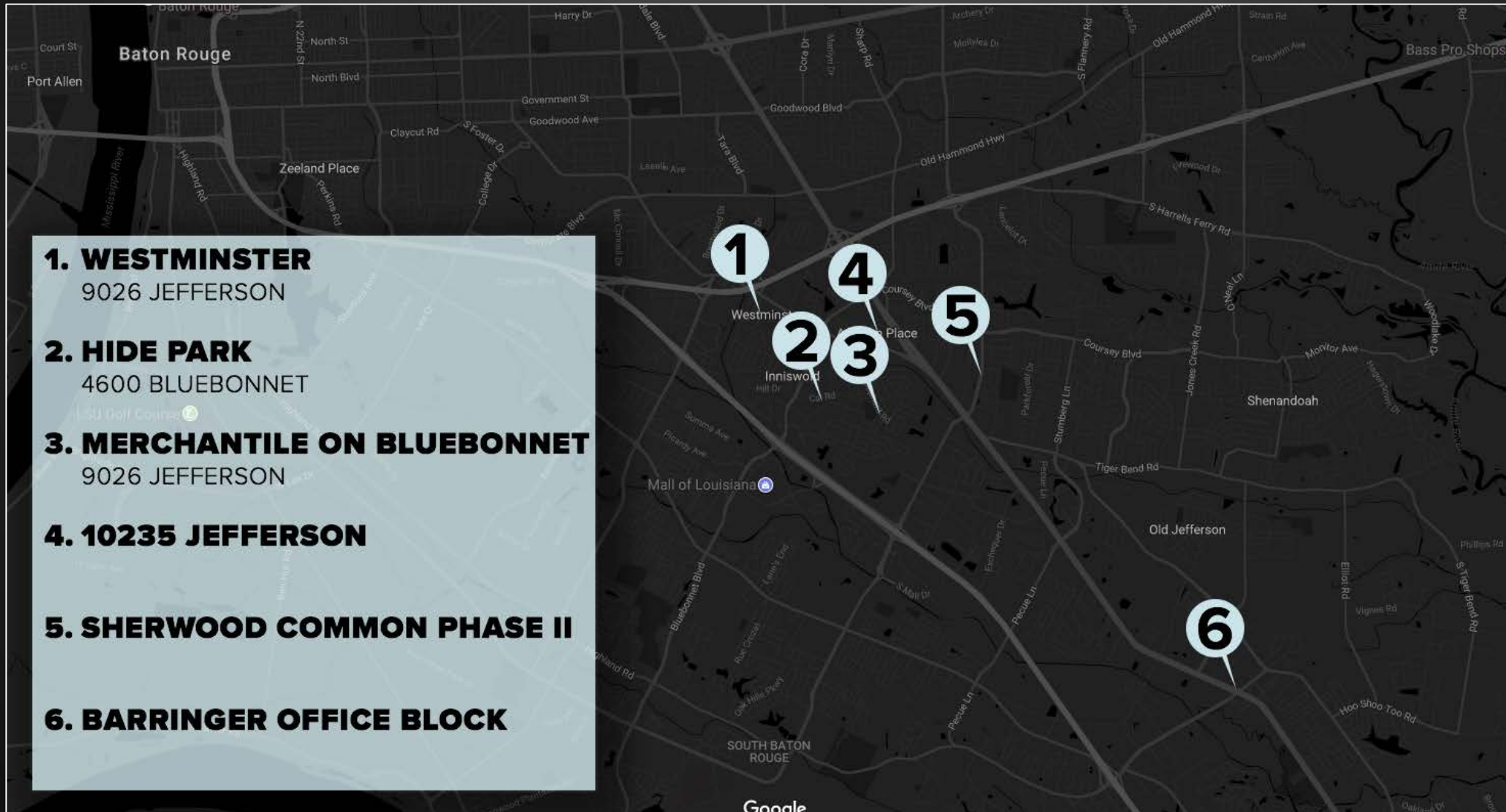
New Developments

Garden Office Condos

- 2017 New Office Condo Developments
 - City Farm
 - 6700 Jefferson
- New This Year
 - Westminster – 9026 Jefferson
 - Hide Park – 4600 Bluebonnet
 - Mercantile on Bluebonnet
 - 10235 Jefferson
 - Sherwood Common Phase II
 - Barringer Office Block

New Developments

Garden Office Condos



Notable Office Developments

River House / Water Campus

- 34,000 SF Class A Office Space with additional Retail & 224 Apartment Units



Notable Office Developments @Highland



- 54,000 RSF Class A Office Space on the Corner of Bluebonnet & Highland Road

Baton Rouge Class A Office Market

Compared to Other Cities

Baton Rouge, Louisiana – 85.62% Occupancy at \$22.32 / SF Average

- Austin, Texas – 88.90% Occupancy at \$34.92 / SF Average
- Oklahoma City, Oklahoma – 93.3% Occupancy at \$17.32 / SF Average
- Mobile, Alabama – 80% Occupancy at \$13.18 / SF Average
- Louisville, Kentucky – 86.8% Occupancy at \$17.15 / SF Average
- Nashville, Tennessee – 91.5% Occupancy at \$26.99 / SF Average
- Birmingham, Alabama – 88.1% Occupancy at \$18.58 / SF Average

2018 Forecast

Commercial Office Space

- Steady Leasing Activity Through 2018
- Expected Positive Absorption, with new deliveries offsetting occupancy rates
- Oil & Unemployment
- New Construction a Factor?

Thank You

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