

# Real Estate Office Trends 2019

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# 2018 Forecast Review

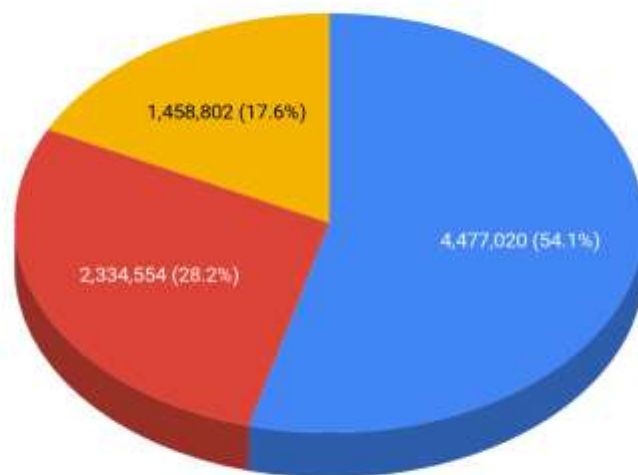
## Commercial Office Space

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

# Baton Rouge Office Market

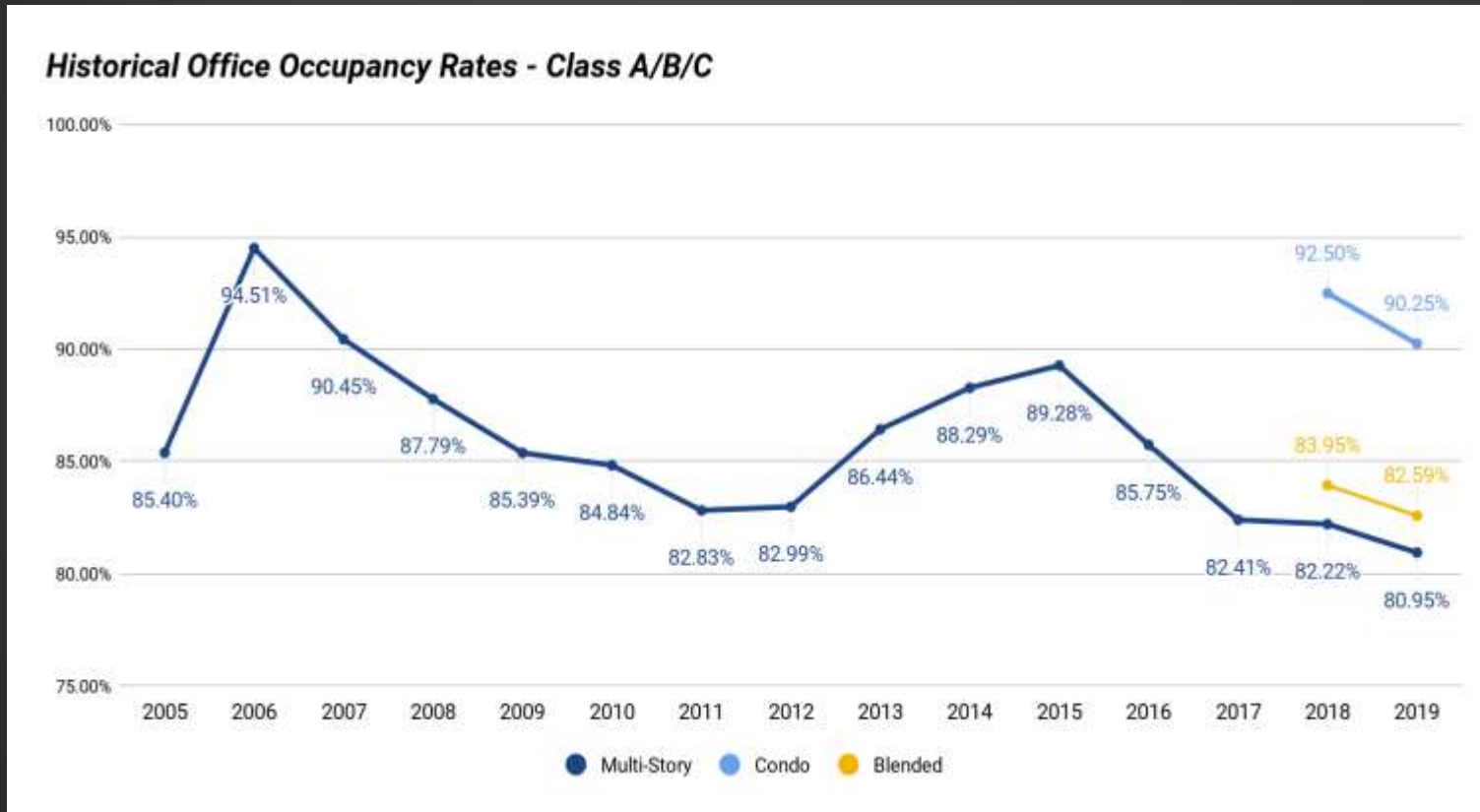
## May 2019

*Baton Rouge Office Market Size (Square Feet)*

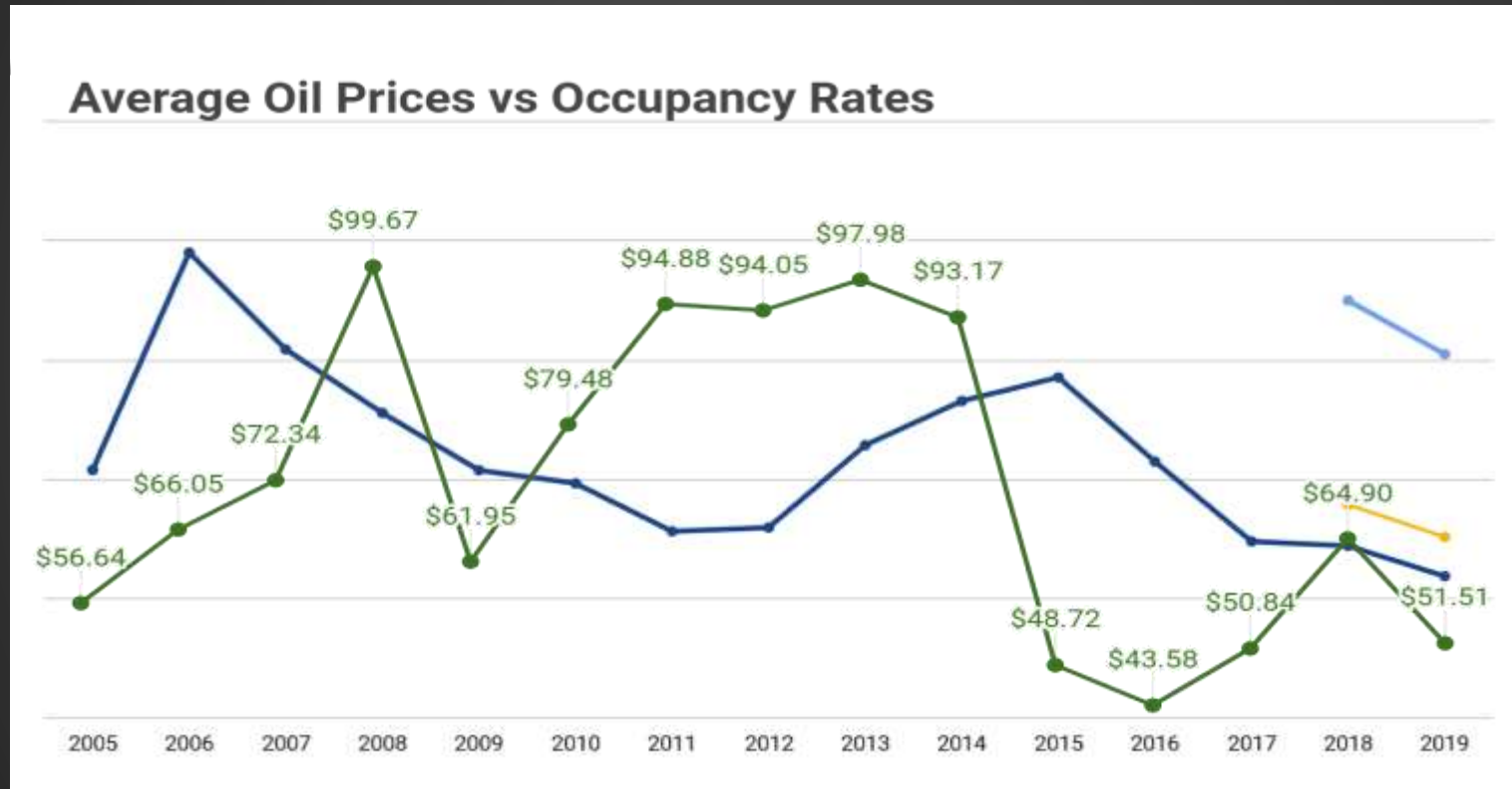


● Class A ● Class B/C ● Condo

# Baton Rouge Office Market

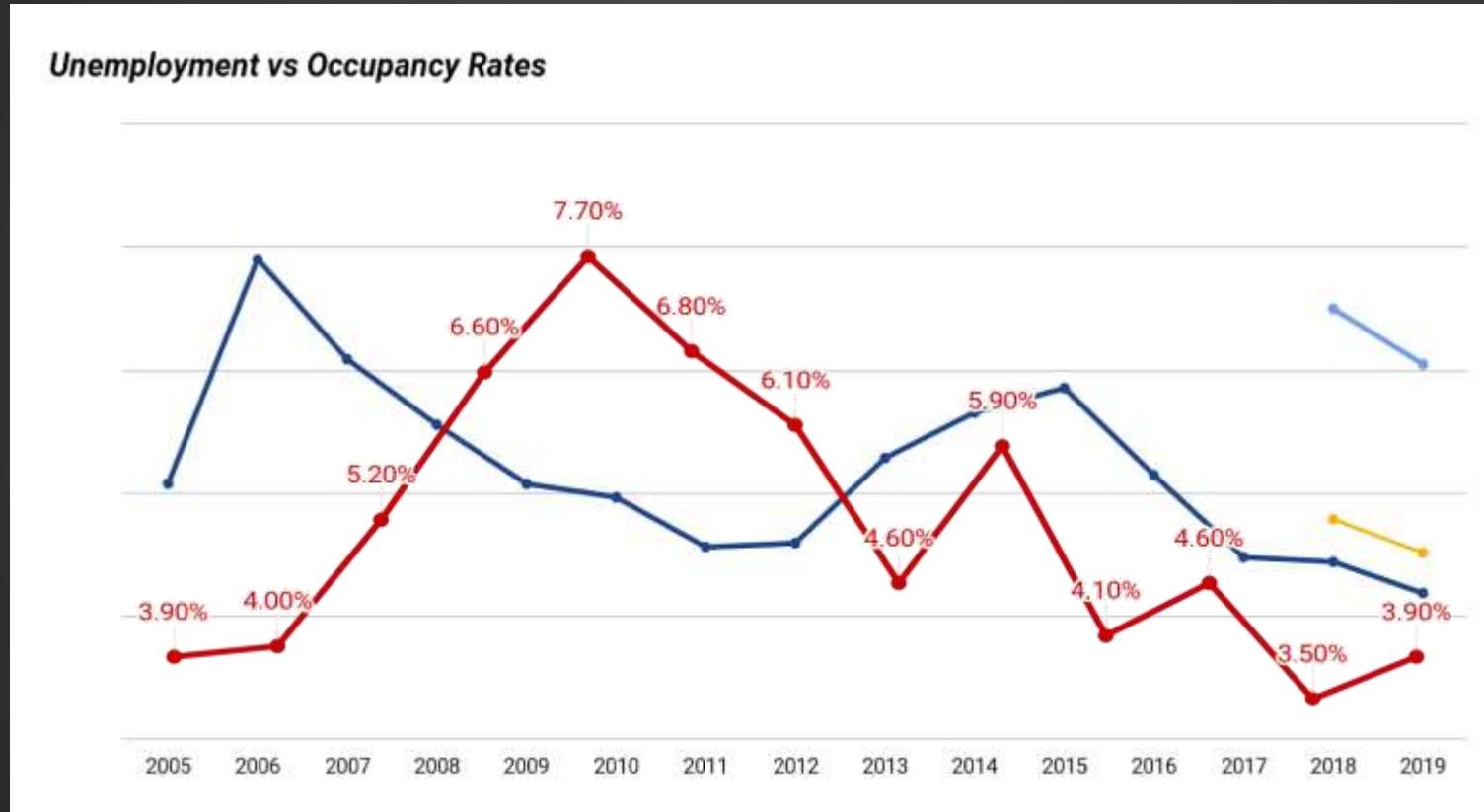


# Baton Rouge Office Market



\*Source: <http://www.macrotrends.net/1369/crude-oil-price-history-chart> 4/22/2019

# Baton Rouge Office Market



\*Source: [https://www.bls.gov/eag/eag.la\\_batonrouge\\_msa.htm](https://www.bls.gov/eag/eag.la_batonrouge_msa.htm) 4/22/2019

# Submarkets

## Acadian / College





# Submarkets

## Downtown





# Submarkets

## Sherwood Forest



# Submarkets

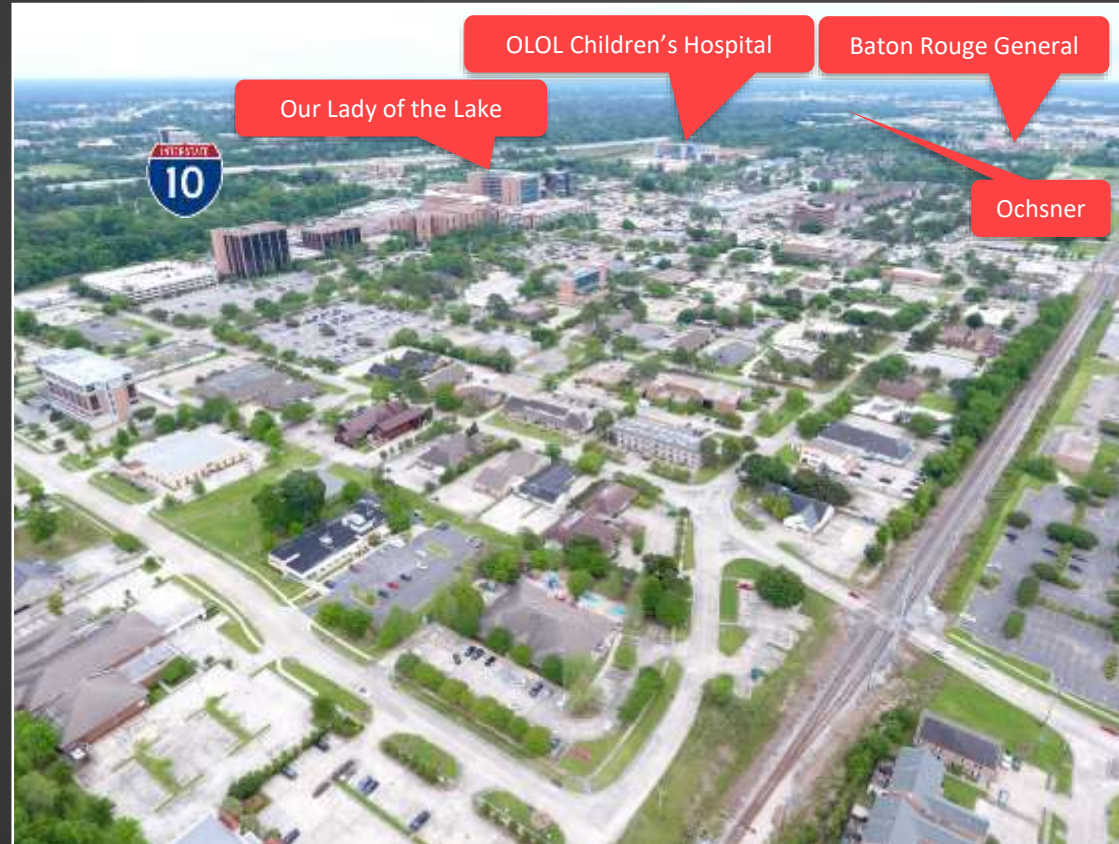
## Essen / Bluebonnet





# Submarkets

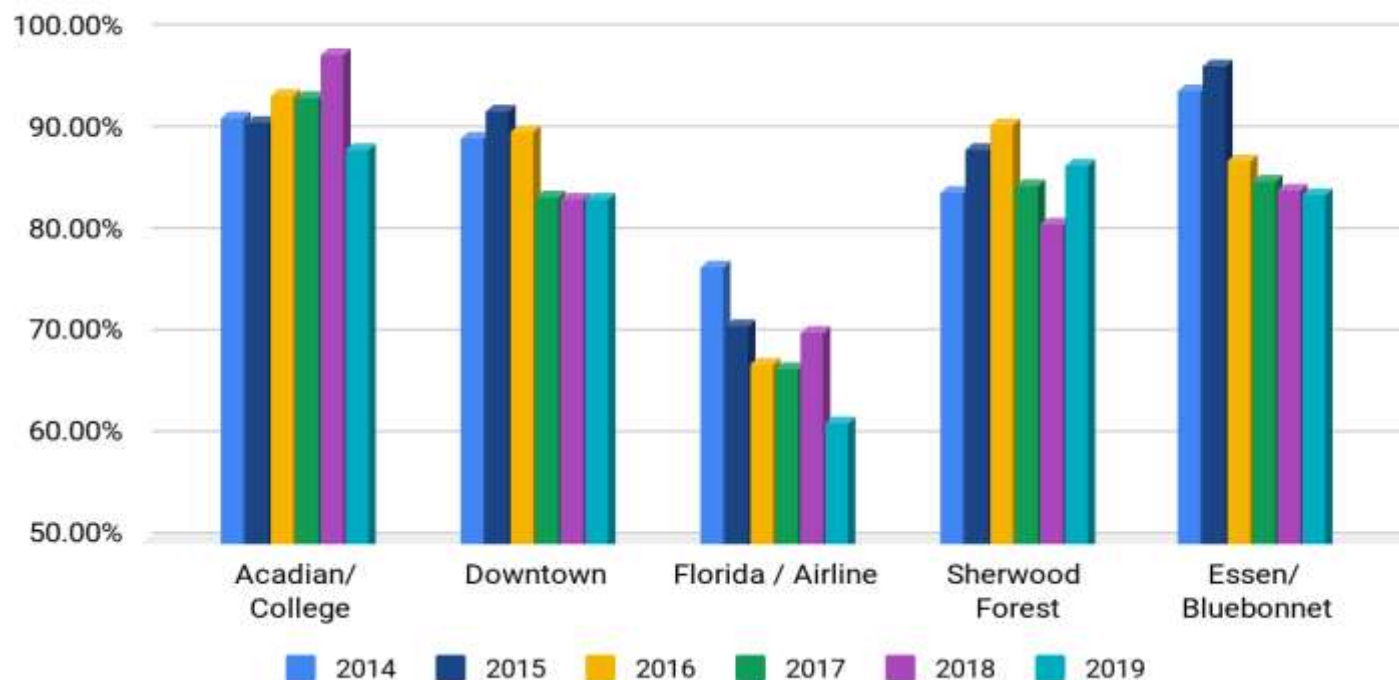
## Medical District



# Baton Rouge Office Market

Spring 2019  
Occupancy 80.95%

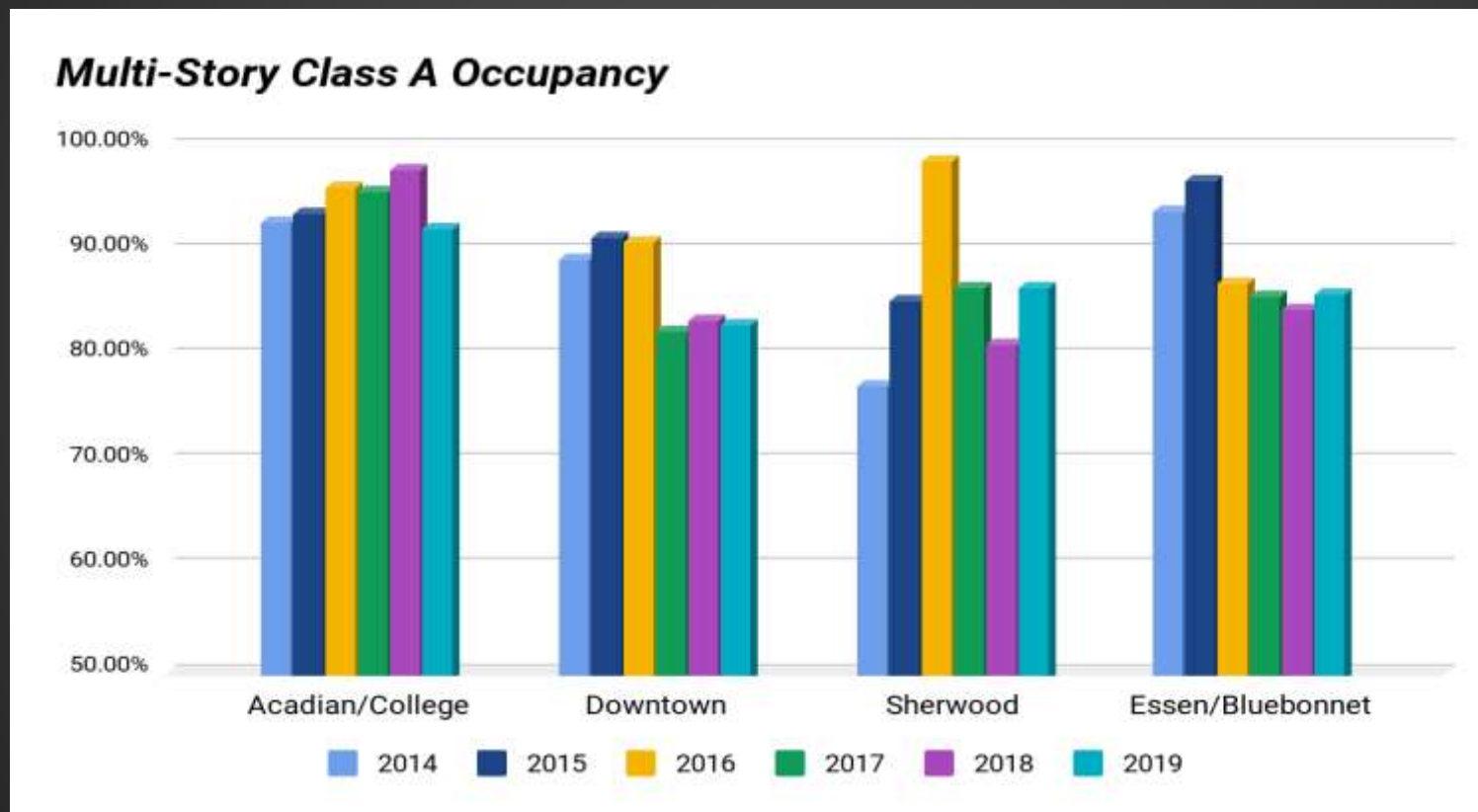
**Multi-Story Occupancy - Class A/B/C**



# Baton Rouge Office Market

## Class A Occupancy

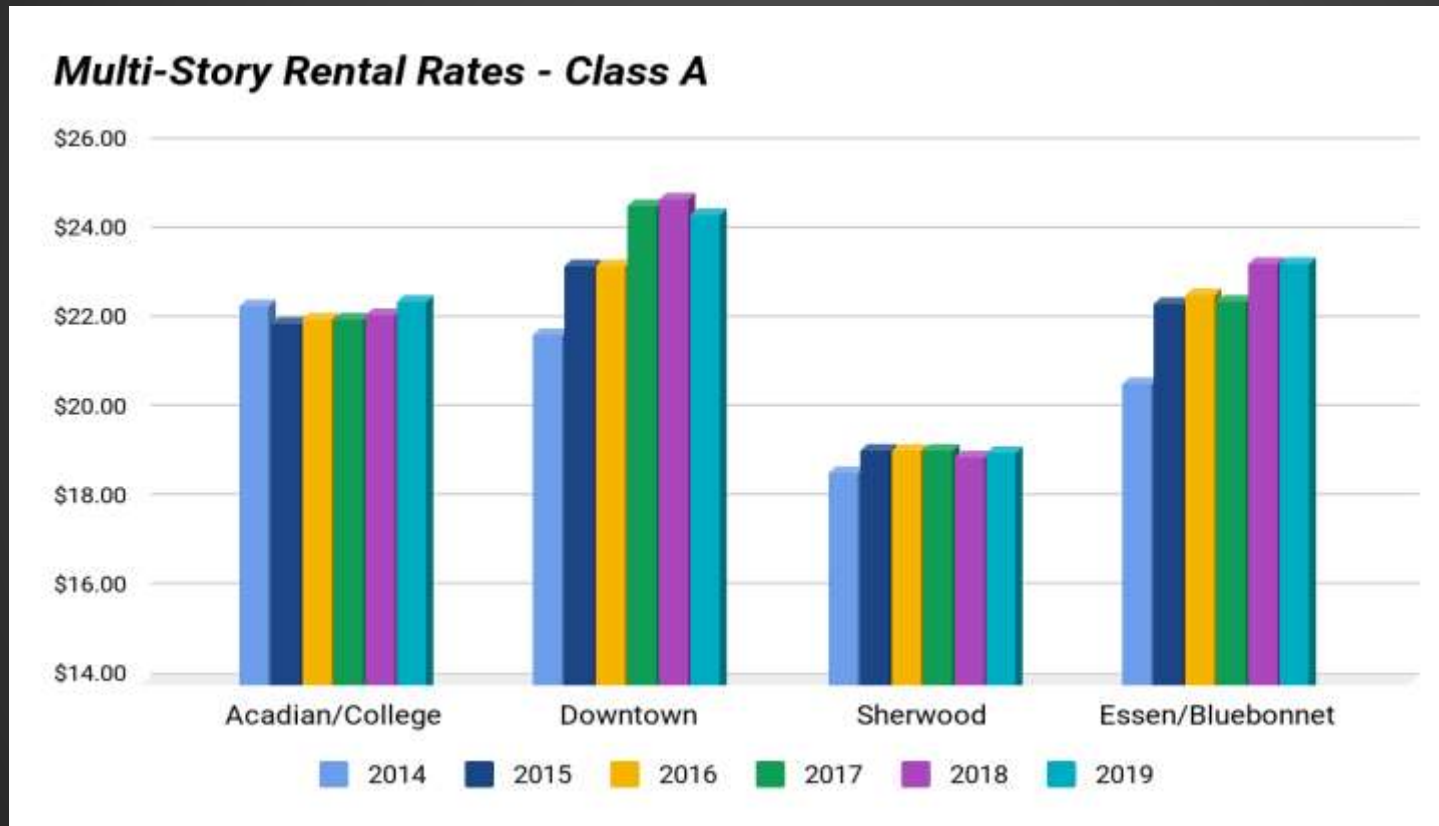
Spring 2019  
Class A Average – 85.63%



# Baton Rouge Office Market

## Class A Rental Rates

Spring 2019  
Class A Average - \$22.34 PSF





# Pulse of the Office Market

## What Baton Rouge Area Brokers are Reporting in 2019

- Busier Leasing Year Had Little Effect On Occupancies
  - Nearly 120,000 SF of Sublease Space Absorbed
  - Multi-story office occupancy rates fell 1.25%
  - Acadian/College Submarket Dipped 5.5%
- Positive Absorption of 190,000 SF
  - Downtown Steady at 83%
  - Essen/Bluebonnet Occupancies Increased Despite Absorbing 67,000 SF of Sublease Space
- Overall 4.5% increase in Class A inventory
- 4% Drop in Class B/C Occupancies
- 200,000 SF of new office condo construction on Jefferson & Bluebonnet
- Medical Sector Booming

# Notable Sales in 2018



○ Chase South Tower



○ Essen Crossing

# Notable Sales in 2018



○ Stonetrust Building

# New Developments

## Medical

- New This Year
  - Mary Bird Perkins Expansions
  - Ochsner
  - Our Lady of the Lake Children's Hospital
  - Baton Rouge General

# New Medical Developments

## Our Lady of the Lake Children's Hospital





# New Medical Developments

## Ochsner





# New Developments

## Garden Office Condos

- New This Year
  - Drusilla Office Park
  - Goodwood Office Park
  - Long Farm Village
  - Mercantile
  - Hide Park
  - Westminster
  - Metro Office Park

# New Condo Developments

## Mercantile



# New Condo Developments

## The Metro





# Notable Office Developments

## River House / Water Campus



- Water Campus – 90,000 SF Office Building Delivery Q3 2019

# Notable Office Developments @Highland



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

# Baton Rouge Class A Office Market

## Compared to Other Cities

Baton Rouge, Louisiana – 85.63% Occupancy at \$22.34 / SF Average

- Austin, Texas – 89.5% Occupancy at \$37.48 / SF Average
- Oklahoma City, Oklahoma – 81.2% Occupancy at \$22.23 / SF Average
- Mobile, Alabama – 80.2% Occupancy at \$15.26 / SF Average
- Louisville, Kentucky – 87.3% Occupancy at \$17.27 / SF Average
- Nashville, Tennessee – 90.3% Occupancy at \$26.71 / SF Average
- Birmingham, Alabama – 84.1% Occupancy at \$19.35/ SF Average



# 2019 Forecast

## Commercial Office Space

- Rising City-Wide Occupancies to Mid 80%
- Shift Towards a Landlord-Friendly Market in Class A Space
- Less Rental Concessions
- Increasing Land & Construction Prices Affecting Condo Construction

**Thank You**