A Survey of Office Buildings in
Baton Rouge: Spring 1998

Overview

The data used in this report were collected by phone surveys made by the Institute. We believe that the data provide a general indication of conditions at the time of the report. Data samples of rental and vacancy rates for both Class A and Class B buildings are collected and analyzed for semiannual terms dating back to Fall 1990. Class A and B criteria and a list of all Class A and B buildings are provided. We have 100 percent participation for the period Fall 1990 through Spring 1997. We especially thank the building managers* and owners for their cooperation in achieving this outcome.

The average rental rate for both Class A office buildings and Class B office buildings increased. The Spring 1998 average price per square foot of $14.97 was $0.14 higher than the Fall 1997 number of $14.83. Overall occupancy remained stable at 95.44 percent (Table 1).

Average rent per square foot per year for the entire sample of Class A office buildings has increased only $0.01 from $16.66 in Fall 1997 to $16.67 in Spring 1998. The average occupancy rate in the sample of Class A buildings rose from 97.42 percent in Fall 1997 to 98.35 percent in Spring 1998 (Table 2).

The average rental rate for Class B buildings increased $0.26 from the Fall 1997 rate of $13.26 to a current average rent of $13.52 per square foot per year. The average

* Sylvia Akers, John Beard, Mike Bethea, Wayne Bono, Dirk Boudreaux, Mike Brassett, Macon Callicut, Sheryl Cathey, Danny Cooley, Greg Cotter, Tommy Doiron, Bob Durham, Mark Gallagos, Joe Goudeau, Hunt Hearin, Mark Hebert, Rob Hebert, Sara Hill, Rick Hymel, Sid Jackson, Donnie Jarreau, Ben Johnson, Gary Lewis, Lawrence Maestri, Jenny Melancon, Larry Miller, Lou Miller, Betty Moore, James Nunnally, Robert Peak, Clay Peterson, Danney Pulley, Bill Rafter, Sam Robertson, Lynda Schlif, Delbert Sealy, Tommy Spinozak, Ben Taylor, and Debbie Usrey.
occupancy rate in the sample dipped slightly from 90.12 percent in Fall 1997 to 89.27 percent in Spring 1998 (Table 3).

Some general observations include:

- This survey consists of February 1998 data for a sample of 39 office buildings that account for about 3.46 million square feet of leasable space (see Table 1).

- The average occupancy rate of the entire sample of office buildings has remained stable at 95.44 percent in Spring 1998 compared to 95.08 percent in Fall 1997 (Table 1).

- The average rental rate for the entire sample of office buildings increased by $0.14 to a current rental rate per square foot per year of $14.97 (Table 1).

- For the matched-pair sample of 31 buildings, occupancy rates increased from 86.13 percent in the Fall of 1990 to 97.12 percent in the Spring of 1998. Average rental rates for the sample increased from $12.21 in the Fall of 1990 to $14.90 for Spring 1998 (Table 8).

- In the matched pair samples of 15 Class A buildings and 10 Class B buildings, respectively, for the semiannual periods from Fall of 1995 to Spring 1998, the Class A occupancy decreased from 94.01 percent in Fall 1997 to 98.15 percent in Spring 1998. The Class B occupancy decreased from 93.53 percent to 92.61 percent during the same time interval. The matched pair samples also show that Class A average rent decreased $0.01 from $16.70 to $16.69 and Class B average rent increased from $13.26 to $13.296 during the period from Fall 1997 to Spring 1998 (Tables 6 and 7).

- The Class A office buildings command higher average rents per square foot at $16.67 than the Class B office buildings, whose rents average $13.52 per square foot (Tables 2 and 3).

- Table 5 shows the age breakdown of the office building sample. From Fall 1996 to Spring 1997, occupancy rates increased for office buildings in the sample, with the exception of office buildings built between 1970 and 1979, in which occupancy rates decreased from 14.00 to 13.84. Occupancy is currently the lowest for buildings constructed 1979 to 1985 at 96.85 percent. Average rental rates are highest in the newer buildings at $16.13 per square foot, on average.
**Description of Sample**


The Spring 1998 survey contains a sample of 39 Class A and B office buildings. The buildings, which account for approximately 3.46 million square feet, include 18 Class A and 21 Class B buildings in seven different geographic locations. Three Class B buildings were dropped during the Fall 1994 sample. One Class A building, United Plaza III, was added in the Fall 1995 report. Medical Center Plaza was not used during Spring 1997. The current analysis dropped Attorney’s Building (purchased by the city) and added United Plaza XII.
Class A Building Criteria

The following criteria have been established to select Class A buildings for the Institute sample. In some cases, the Institute may allow small deviations from the criteria if the building substantially meets all of the other conditions. Each building classified in this report as A meets the following criteria:

- 60,000 square feet or larger
- Four stories or more
- Exterior finish – masonry, glass, stone, or marble
- Steel frame construction
- More than one cable-driven, high-speed elevator
- High quality interior finish
- Minimum nine-foot ceilings in all common and tenant areas
- Normally oversized entry doors and commercial grade hardware
- Interior construction – metal studs with very little use of wood except for trim
- Recessed fluorescent lighting in suspended acoustical ceilings
- Full service operations – all services provided by the building
- Common lobby entrance
**Class A Office Buildings**

<table>
<thead>
<tr>
<th>Acadian Centre</th>
<th>Acadian Trace</th>
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<tbody>
<tr>
<td>Bank One North Tower</td>
<td>Bank One South Tower</td>
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<tr>
<td>Bluebonnet Centre</td>
<td>City Plaza</td>
</tr>
<tr>
<td>Comunity Coffee Building</td>
<td>Corporate Atrium</td>
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<tr>
<td>Essen Center</td>
<td>Jefferson Brentwood</td>
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<tr>
<td>One American Place</td>
<td>Sherwood Atrium</td>
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<tr>
<td>United Plaza I</td>
<td>United Plaza II</td>
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<td>United Plaza III</td>
<td>United Plaza IV</td>
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<tr>
<td>United Plaza IX</td>
<td>United Plaza XII</td>
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</tbody>
</table>
Class B Building Criteria

The following requirements have been established for Class B buildings:

- 30,000 square feet minimum
- Typically two or more stories
- Construction style commercial in nature with high ceilings
- Typically limited use of wood, except for decorative purposes
- Common lobby entrance
- Full service operations – all services provided by the building
| Class B Office Buildings
<table>
<thead>
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<tbody>
<tr>
<td>500 Laurel Street</td>
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<tr>
<td>Corporate Centre</td>
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<tr>
<td>Gras Town Plaza</td>
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<tr>
<td>Louisiana Companies</td>
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<tr>
<td>Oaks of Kingsbridge</td>
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<td>Operations Center</td>
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<td>Sherwood II</td>
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<td>Sherwood Plaza Business Park</td>
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<td>Sherwood Twelve Plaza</td>
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<td>Taylor Building</td>
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<td>Versailles Building</td>
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Analysis by Area

Tables 1, 2, 3, 6, 7, and 8 display the analysis by geographic areas. When analyzing occupancy rates, note the total square footage and occupied square footage. Due to the removal of some buildings from the sample, rates may be distorted. Data pertaining to areas that contain only one building have been removed from the table, but are still included in the total. Table 1 contains a summary of the office market for both Class A & B buildings. The reader should be careful in interpreting the average rents because a building’s size, quality of construction, and location are all positively correlated with the rent it can command. The entire sample shows that the overall occupancy rate remained stable. Average rents per square foot per year increased by $0.17 from $14.83 in Fall 1997 to $14.97 in Spring 1998 (Table 1).

Class A Buildings

The 18 Class A office buildings are located in five areas of the Baton Rouge market: Downtown, Acadian-College, Essen-Bluebonnet, Sherwood Forest, and Jefferson-Airline. The overall occupancy rate for Class A buildings is 98.35 percent. The occupancy rate for Class A buildings represents the highest rate over the entire period of study, increasing from 97.42 percent in Fall 1997 to 98.35 percent in Spring 1998 (Table 2).

Average rents per square foot for Class A buildings in the matched-pair sample have decreased $0.01 since Fall 1997 (Table 6). The average rent for Class A buildings in the matched sample for Spring 1998 was $16.69. The Downtown area has the highest average rent ($18.06) while the Sherwood Forest area revealed the lowest rental rate
among areas with multiple buildings at $16.13. The Sherwood Forest area has the highest occupancy rate (100 percent), followed closely by the Downtown area (99.66 percent).

Class B Buildings

Table 3 contains the analysis of Class B office buildings. All areas in our survey contain office buildings which are considered to be Class B: Downtown, Acadian-College, Essen-Bluebonnet, Sherwood Forest, O’Neal and Florida-Wooddale. In the sample shown in Table 3, for the period Spring 1995 to Spring 1998 for different samples (i.e., 24 buildings versus 21 buildings), we find that overall rents increased from $12.10 to $13.52 and occupancy rates decreased from 93.72 percent to 89.27 percent. An increase of $0.26 in the average rental rate was observed during the period from Fall 1997 to Spring 1998, while the average occupancy rate declined almost 1.00 percent during this same period.

Table 7 provides data on the matched sample for Class B buildings in areas that contain multiple buildings. Class B occupancy rates reached 100 percent in the Downtown area. The Sherwood Forest area experienced an decrease in occupancy from 95.49 percent reported in Fall 1997 to 92.72 percent in Spring 1998. Overall, total occupancy rates for Class B buildings decreased from the 93.53 percent reported in Fall 1997 to 92.61 percent in Spring 1998.

The matched sample reveals an increase in overall Class B rental rates of $0.03 in the period between Fall 1997 and Spring 1998, with a current average yearly rent of $13.29 per square foot.
Summary

This report summarizes the changes in the Baton Rouge office market as indicated by the survey conducted in the Spring of 1998 and for the period covering Fall 1990 to Spring 1998. Overall, for our matched sample from Fall 1990 to Spring 1998, occupancy rates of the office buildings surveyed have increased from 86.13 percent to 97.12 percent, while average rent per square foot increased from $12.21 to $14.92 (Table 8). Matched sample comparisons for the period of Spring 1995 to Spring 1998 show that, during this last period, Class A occupancy rates increased from 96.40 to 98.15 percent and Class A rental rates remained stable at $16.69 per square foot per year (Table 6). A matched sample comparison also shows that Class B occupancy decreased to 92.61 percent as Class B rental rates have risen to $13.29 per square foot (Table 7).

Roughly 70,000 square feet of office space is available for lease in Baton Rouge’s 3.46 million square foot market. However, we do not expect any speculative construction until occupancy levels reach 96 percent and rent levels top $18 per square foot. New construction will likely focus on build-to-suit projects.