

2017 Greater New Orleans Annual Office Market Report



Corporate Realty, Inc. is proud to present our Sixth Annual Greater New Orleans Office Market Report.

We publish this report to give the reader a broad understanding of the Greater New Orleans office market as well as specific information about occupancy and rental rates of each office building that are at least 20,000 square feet (sf). With data from 2012 - 2017, this report offers a snapshot of the current market and analyzes market trends.

In addition to this annual report, Corporate Realty publishes quarterly reports of the office market compiled by Bruce Sossaman. These reports can be found alongside previous annual reports at corp-realty.com.

Corporate Realty, Inc. is a full-service commercial real estate company headquartered in New Orleans. We have been in existence for more than 25 years, and our predecessor company was in the commercial real estate business in New Orleans since the 1950s. Corporate Realty has approximately 75 employees, 17 of which are active, full-time commercial real estate agents.

We have agents that specialize in:

- Office Leasing and Brokerage (Landlord and Tenant Representation)
- Retail Leasing and Brokerage (Landlord and Tenant Representation)
- Investment Brokerage (Buyer and Seller Representation)
- Land Acquisition, Assemblage and Disposition

We provide property management services to:

- Office Building Owners
- Retail Property Owners
- Special Purpose Property Owners

Additionally, we offer our clients support services including:

- Construction Consulting and Supervision
- Engineering Support
- Lease Administration
- Accounting
- Development Services

Corporate Realty agents are consistently involved in the largest, most complex and most demanding real estate transactions and management assignments in this region, and we pride ourselves on having the top real estate professionals in the market.

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Greater New Orleans Market Overview



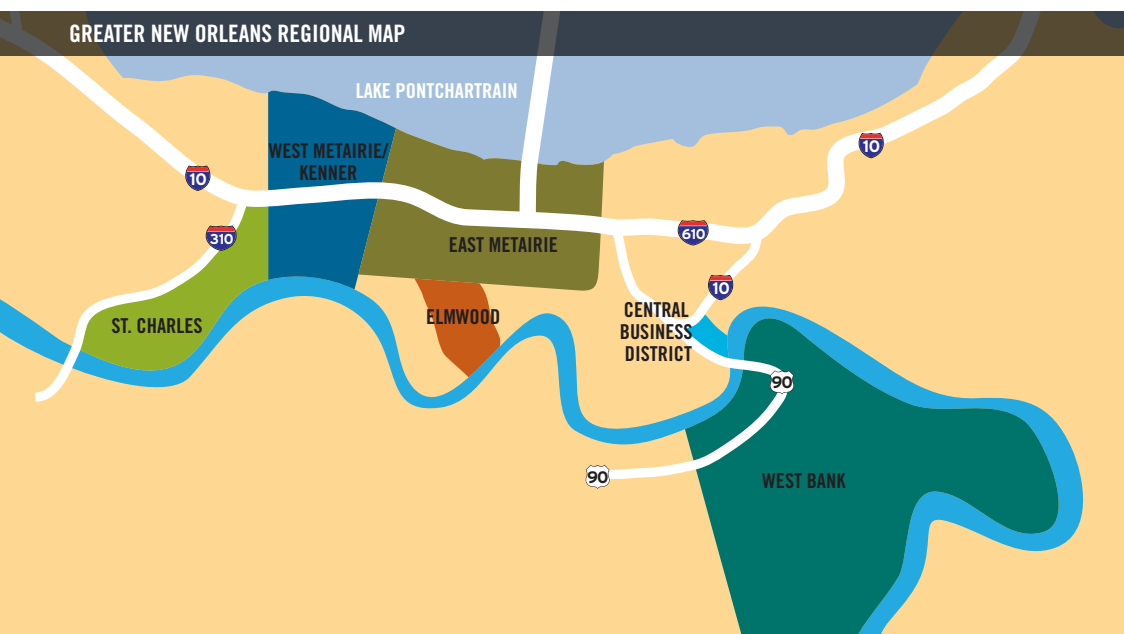
MIKE SIEGEL, PRESIDENT
CORPORATE REALTY, INC.

The largest submarket in the Greater New Orleans market remains the Central Business District (CBD) with approximately 11.25 million square feet (sf) in a total of 27 buildings. Within the CBD, approximately 80% of the total CBD square footage is located in 15 Class A buildings. The balance of approximately 2.2 million sf is in small, generally non-competitive or single tenant non-Class A buildings. The CBD office market has “shrunk” from a high of approximately 16.5 million sf in 1990 to its present level. This is a result of relatively low demand for office space and, more importantly, significant demand for new apartments, condos, and hotels. Most of the office product that has been taken off the market has been converted to these alternative uses. Asking rates in the 15 Class A office buildings in the CBD are in the \$17.00 per rentable square foot (prsf) - \$21.00 prsf (gross rent) range. Occupancy in the Class A market is approximately 88% with a much lower occupancy percentage in the non-Class A buildings in the CBD.

The other substantial submarket is the Metairie market, which is separated in this report as East Metairie, West Metairie/Kenner and Elmwood. The Metairie submarket contains approximately 5.2 million sf in 46 office buildings. There are only five true Class A office buildings in this submarket yet they contain 2,040,000 rsf (39% of total Metairie market). The entire

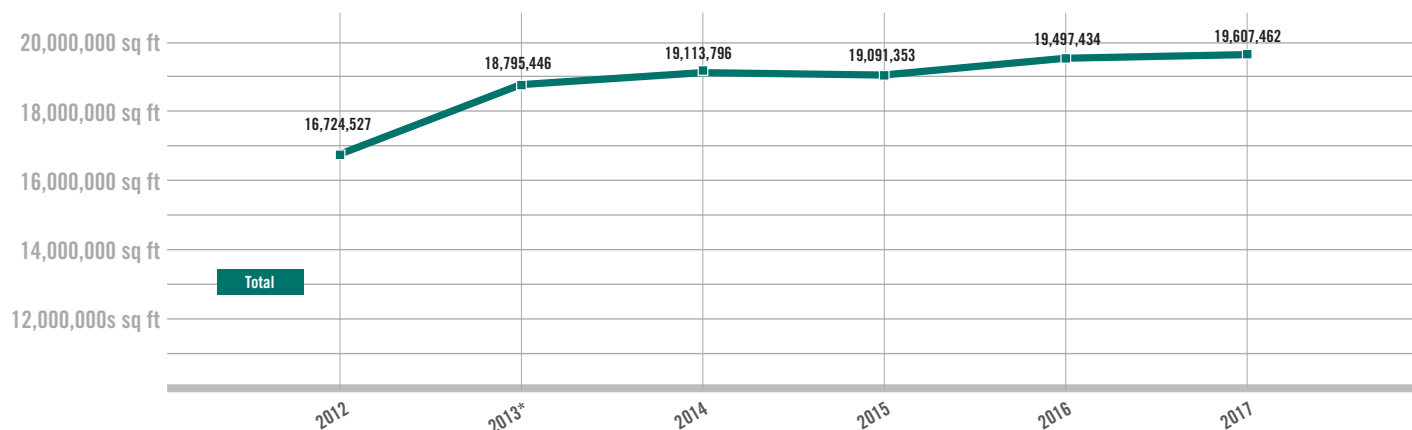
Metairie market is approximately 89% leased and these five buildings are 88% leased. Rental rates in these Class A buildings are in the \$22.00 - \$25.00 psf (gross) range. The non-Class A buildings are in the \$18.50 - \$20.00 psf gross rate range.

Over the past several years, the New Orleans office market has shown a great deal of stability but very little growth. The Greater New Orleans office market continues to be the beneficiary of a steady stream of entrepreneurial start-ups and small companies' expansions along with a handful of new “major” tenants moving into New Orleans – most notably GE in 2013 and DXC Technology in 2017. Technology, medical and small entrepreneurial companies are gradually replacing the historic oil and gas based office sector. On the other hand, New Orleans remains a small tertiary office market that tends to be adversely impacted by corporate mergers and acquisitions. For the last several years, the New Orleans office market has taken one step forward and one step back, resulting in the aforementioned stability, but also not allowing for any meaningful increase in rental rates or occupancy. The key to real improvement in the overall New Orleans office market will be in the region's ability to attract more companies to move to, or open offices, in New Orleans with the desired result being the growth of white collar jobs, office demand, and rental rates.

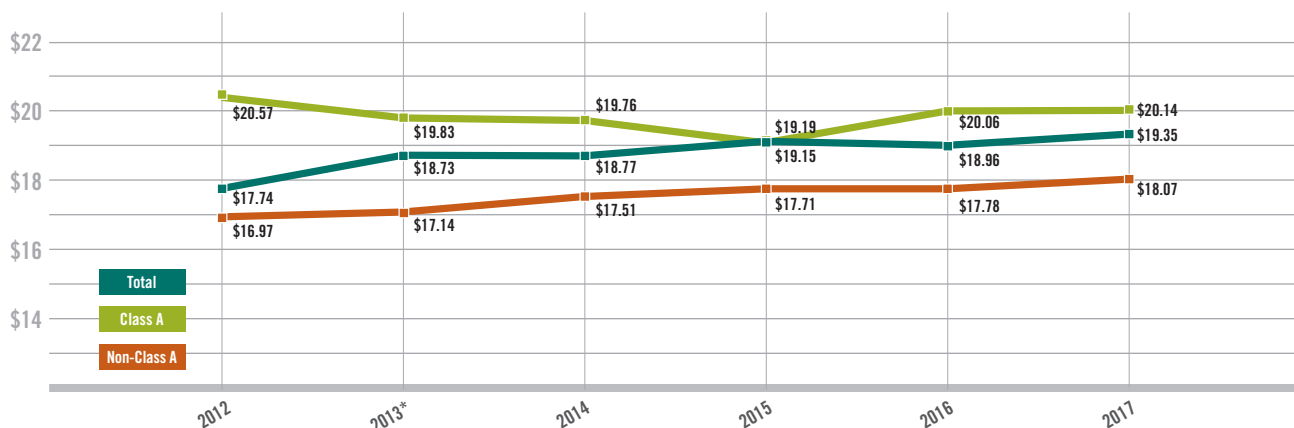


Greater New Orleans Office Market Trends

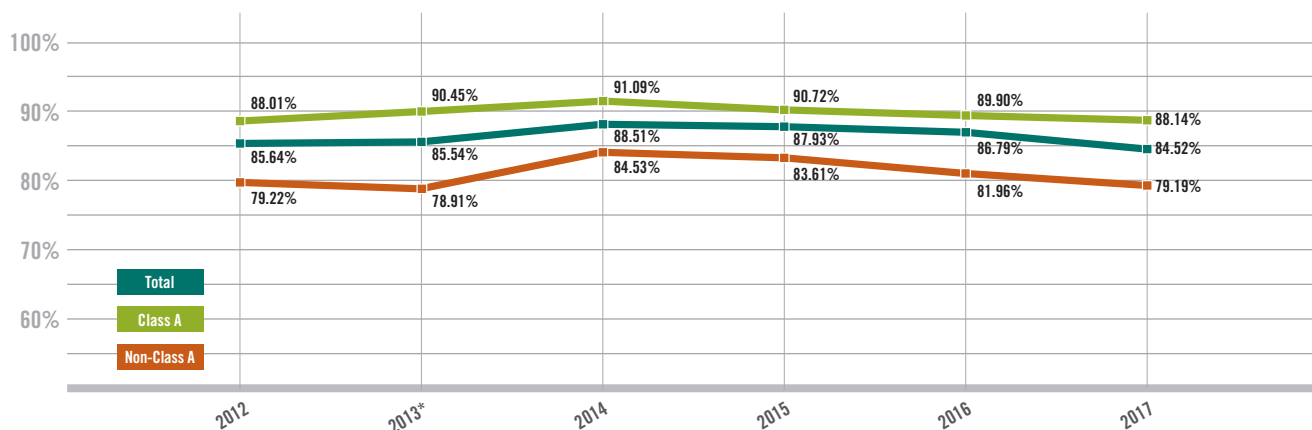
Total Rentable Square Footage



Average Rental Rates

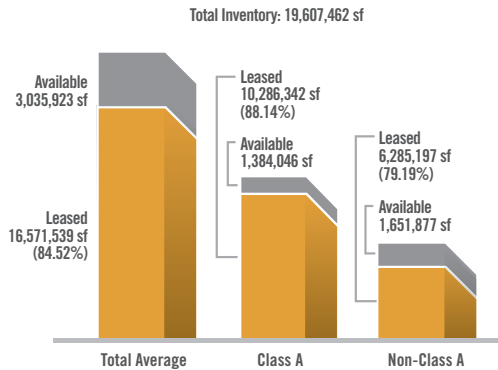


Average Occupancy Rates

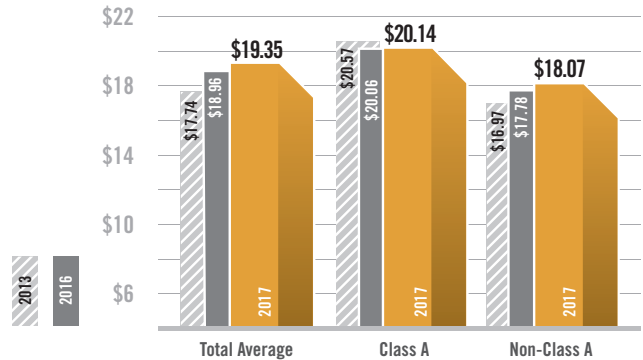


* The data was first collected for all submarkets in 2013

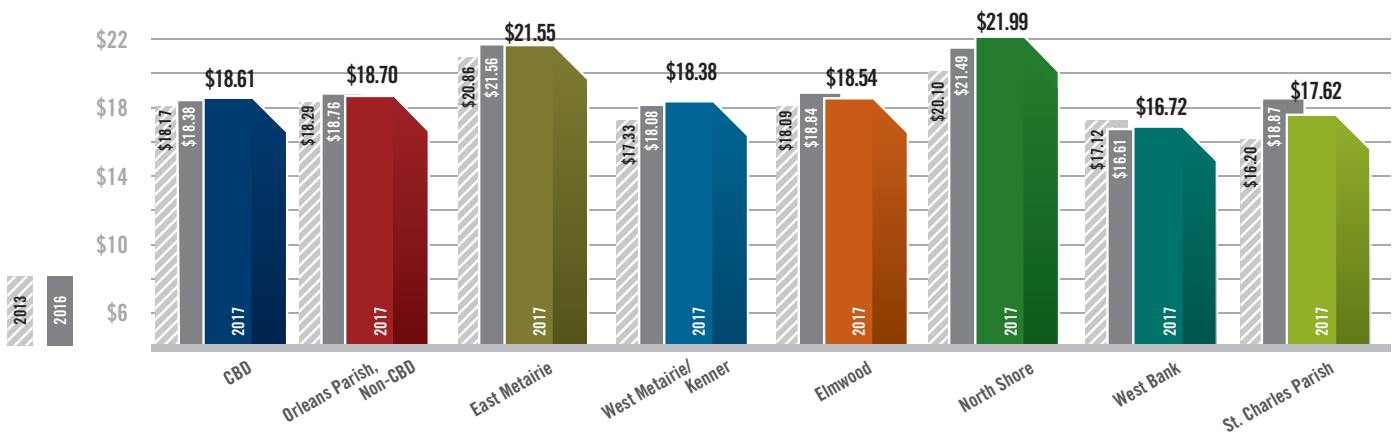
2017 Total Inventory/Total Leased



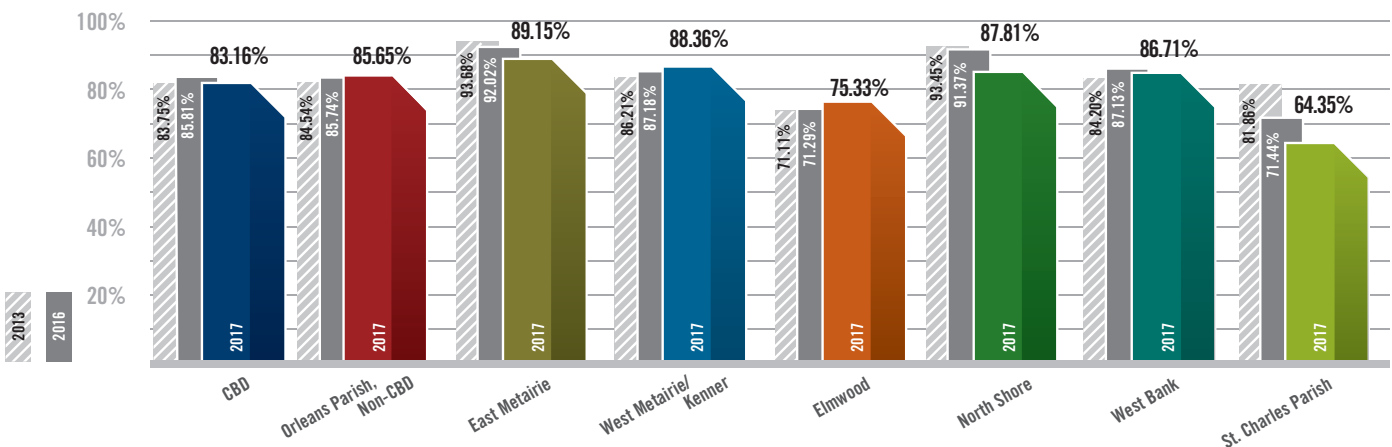
2017 Total Average Rental Rate



2017 Average Rental Rates For Submarkets (Class A and Non-Class A Combined)



2017 Total Combined Occupancy Rates for Submarkets (Class A and Non-Class A Combined)



Central Business District



Significant Leases of 2017:

1615 Poydras St.

DXC Technology - New Lease of 170,000± sf

KNOC USA - Lease Renewal of 37,000± sf

One Shell Square

Hancock Whitney Bank - New Lease of 170,000± sf

Pan-American Life Center

McGlinchey Stafford - Lease Renewal of 48,000± sf

One Canal Place

Lucid - Lease Expansion of 27,000± sf

Looking forward in 2018: Hotel Development

Hotel development in the CBD continues to be a major story. To highlight a few of the largest projects, this year will see the commencement of construction on the Four Seasons Hotel, completion of a new boutique hotel at 546 Carondelet St. (to be affiliated with The Ace Hotel), and completion of The Higgins, the boutique hotel developed and owned by the WWII Museum.

While the absorption needle barely moved in the downtown New Orleans office market in 2017, there were two substantial events that point to a more stabilized office market in the years ahead. Hancock Whitney Bank agreed to relocate its offices of approximately 170,000 sf from the Whitney Bank Building into One Shell Square. Although the space Hancock Whitney is leasing was previously leased to Shell Oil, the new lease extends beyond the Shell term and reduces the market's exposure to the largest tenant in the CBD, Shell Oil. Whitney's building, at 228 St. Charles Ave., will be sold and likely converted into a hotel, further reducing the supply of non-Class A office space. DXC Technology, a related HP company, will be leasing roughly 170,000 sf in 1615 Poydras. While a significant portion of this space was leased to Freeport McMoran, and only approximately 50% of the space signified actual absorption, this lease continues to move the market away from energy and diversify into other areas, such as technology in the case of DXC. Having two major leases in New Orleans in one year is significant, as New Orleans tends to be a small tenant town. The true benefit of these leases will be the diminished reliance on energy to fill office space, hence reducing the risk of such reliance during periods of energy's negative volatility. 2017 also saw the reduction of non-Class A office space, making alternatives scarcer for tenants seeking less expensive office space. Displaced tenants from the Whitney Bank

Building will likely absorb space in Class A buildings, the direct result of the lack of non-Class A alternatives.

The CBD Class A Office Market stands at approximately 88% leased as of the end of 2017. Absorption remained flat overall. Quoted rental rates remained stable between \$17.50 per square foot to \$21.00 per square foot. Looking forward, rates should have a modest upward momentum, especially regarding renewing tenants. New tenants in the market will be the beneficiary of rental concessions, particularly modest amounts of free rent and very competitive tenant improvement allowances. The non-Class A market is improving as Orleans Tower, one of the few larger non-Class A buildings, leases up. Rates in non-Class A range from \$14.50 to \$20.00 per square foot. That is a wide range, but the properties that lease in the top range are unique. Near term, the non-Class A market inventory should continue to shrink as buildings continue to be converted to other uses. Rates in non-Class A buildings can only rise to the level set by the lowest of the Class A buildings. Otherwise, without the rate delta between Class A and non-Class A buildings, tenants will tend to gravitate to Class A Buildings for the value.

Notes:

- 864 S. Peters St. was added to this report in 2017.
- The Stone Pigman Building at 546 Carondelet St. was removed from this report as it is being redeveloped as a hotel.

Central Business District Office Submarket



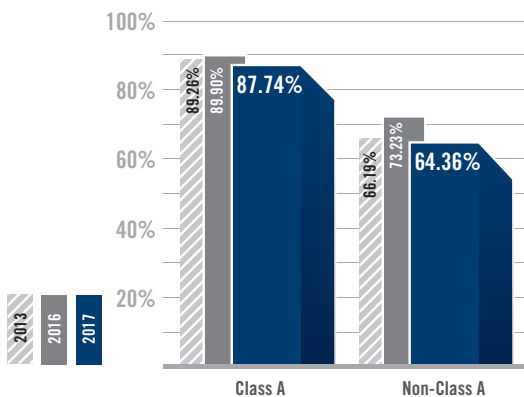
Class A Buildings

1. One Canal Place
2. 400 Poydras Tower
3. Place St. Charles
4. Pan-American Life Center
5. One Shell Square
6. Poydras Center
7. First Bank and Trust Tower
8. Energy Centre
9. Entergy Building
10. Benson Tower
11. Benson Tower Annex
12. 1515 Poydras
13. 1555 Poydras
14. 1615 Poydras
15. 1250 Poydras

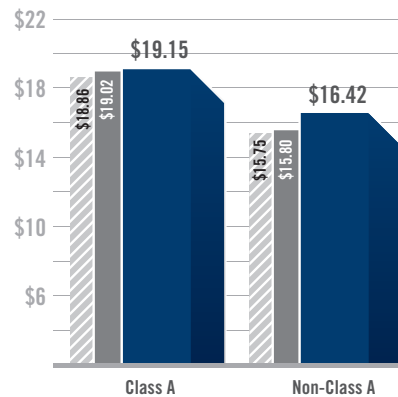
Non-Class A Buildings

16. Orleans Tower
17. 701 Loyola Ave.
18. 1010 Common Building
19. Exchange Centre
20. Whitney Bank Building
21. Federal Reserve Bank
22. 615 Baronne Street
23. IP Building
24. 300 Lafayette Building
25. Emeril's Homebase
26. K & B Plaza
27. 864 S. Peters

2017 Occupancy



2017 Average Rental Rates



Central Business District Class A

| Building Name | Year Built/Year Renovated | No. of Floors | Total Rentable Square Feet | Total Rentable Square Feet Available | Percent Leased | Quoted Rental Rate (psf) | Largest Contiguous Block Available | Sublease Space Available |
|--|---------------------------|---------------|----------------------------|--------------------------------------|----------------|--------------------------|------------------------------------|--------------------------|
| One Shell Square 701 Poydras St. | 1972 | 51 | 1,256,991 | 89,945 | 92.84% | \$18.50 - \$20.00 | 50,000 | 0 |
| Place St. Charles 201 St. Charles Ave. | 1985 | 52 | 1,004,484 | 82,197 | 91.82% | \$20.00 - \$21.00 | 24,633 | 0 |
| Energy Centre 1100 Poydras St. | 1984 | 39 | 761,500 | 73,751 | 90.32% | \$18.50 - \$20.00 | 7,355 | 14,179 |
| Pan-American Life Center 601 Poydras St. | 1980 | 28 | 671,883 | 97,608 | 85.47% | \$19.00 | 38,160 | 0 |
| One Canal Place 365 Canal St. | 1979 | 32 | 630,581 | 101,599 | 83.89% | \$18.50 - \$20.00 | 40,000 | 12,574 |
| 400 Poydras Building 400 Poydras St. | 1983 | 32 | 606,608 | 89,423 | 85.26% | \$17.00 - \$18.00 | 45,000 | 0 |
| First Bank and Trust Tower 909 Poydras St. | 1987 | 36 | 545,157 | 76,477 | 85.97% | \$18.00 - \$19.00 | 20,200 | 5,903 |
| Benson Tower 1450 Poydras St. | 1989/ 2011 | 26 | 531,871 | 12,959 | 97.56% | \$20.00 | 12,959 | 0 |
| 1515 Poydras | 1983 | 27 | 529,474 | 182,084 | 65.61% | \$19.00 - \$20.00 | 60,000 | 22,000 |
| Entergy Building 639 Loyola Ave. | 1983 | 28 | 526,041 | 10,801 | 97.95% | \$19.50 | 1,988 | 0 |
| 1615 Poydras | 1984 | 23 | 509,565 | 57,805 | 88.66% | \$18.00 | 7,379 | 0 |
| 1555 Poydras | 1982 | 22 | 467,671 | 155,304 | 66.79% | \$19.00 - \$20.00 | 132,000 | 0 |
| Poydras Center 650 Poydras St. | 1983 | 28 | 453,255 | 45,524 | 89.96% | \$18.00 - \$19.00 | 7,500 | 0 |
| 1250 Poydras | 1980 | 24 | 422,899 | 32,060 | 92.42% | \$18.50 | 13,540 | 0 |
| Benson Tower Annex 1400 Poydras St. | 1989/ 2016 | 3 | 115,000 | 0 | 100% | N/A | 0 | 0 |
| TOTAL CLASS A | | | 9,032,980 | 1,107,537 | 87.74% | \$19.15 | | |

Central Business District Non-Class A

| Building Name | Year Built/Year Renovated | No. of Floors | Total Rentable Square Feet | Total Rentable Square Feet Available | Percent Leased | Quoted Rental Rate (psf) | Largest Contiguous Block Available | Sublease Space Available |
|---|---------------------------|---------------|----------------------------|--------------------------------------|----------------|--------------------------|------------------------------------|--------------------------|
| 1010 Common Building 1010 Common St. | 1971 | 31 | 512,593 | 410,521 | 19.91% | \$16.00 | 127,126 | 0 |
| Orleans Tower 1340 Poydras St. | 1977 | 21 | 378,895 | 119,177 | 68.55% | \$14.50 - \$15.50 | 39,382 | 0 |
| Exchange Centre 935 Gravier St. | 1983 | 21 | 355,274 | 121,500 | 65.80% | \$16.50 - \$18.00 | 40,000 | 14,054 |
| Whitney Bank Building 228 St. Charles Ave. | 1910/ 1996 | 14 | 339,504 | 22,767 | 93.29% | \$16.50 | 9,632 | 0 |
| 701 Loyola Ave. Building 701 Loyola Ave. | 1964 | 14 | 234,067 | 80,998 | 65.40% | \$13.50 | 18,723 | 0 |
| The Federal Reserve Bank 525 St. Charles Ave. | 1966 | 5 | 100,000 | 3,430 | 96.57% | \$18.00 | 3,430 | 0 |
| IP Building 643 Magazine St. | 1900 | 4 | 83,974 | 0 | 100% | \$18.50 | 0 | 3,006 |
| K & B Plaza 1055 St. Charles Ave. | 1962 | 7 | 70,000 | 0 | 100% | \$20.00 | 0 | 7,357 |
| Emeril's Homebase Building 839 St. Charles Ave. | 1910/ 1996 | 3 | 43,403 | 4,120 | 90.51% | \$17.00 - \$18.50 | 2,285 | 0 |
| 864 S. Peters | 2016 | 5 | 39,815 | 21,898 | 45% | \$21.00 - \$25.00 | 11,706 | 0 |
| 615 Baronne St. | 1910 | 3 | 25,096 | 550 | 97.81% | \$16.50 | 550 | 0 |
| 300 Lafayette Building 300 Lafayette St. | 1910/ 1984 | 2 | 20,000 | 0 | 100% | \$18.00 | 0 | 0 |
| TOTAL NON-CLASS A | | | 2,202,621 | 784,961 | 64.36% | \$16.42 | | |
| TOTAL/AVERAGE OF THE CBD | | | 11,235,601 | 1,892,498 | 83.16% | \$18.61 | | |

Orleans Parish, Non-CBD



Looking forward in 2018: Redevelopment of Charity Hospital

The most intriguing and potentially transformative real estate story of 2018 will be the redevelopment process of Charity Hospital and the adjacent VA properties. How this will unfold, who will bid, who will win, will they be able to successfully develop the properties and how such development will impact the surrounding neighborhoods remains to be seen. While most of these questions will remain unanswered in 2018, the process should begin and gain momentum during this calendar year.

The Orleans Parish, Non-CBD submarket consists of a number of small clusters of office buildings in various parts of the city outside of the Central Business District. The buildings in this category vary, but they generally provide easier access and more affordable parking than the buildings in the CBD. As development (and congestion) increases in the CBD, more businesses and non-profits are expanding their search to include areas outside of the CBD.

The buildings in this submarket tend to be owned by individuals, universities or other smaller landlords. As such, they generally

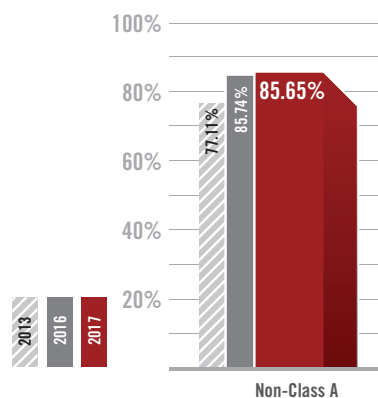
do not have the resources to invest in attracting new tenants, so tenants are more likely to bear their own costs for space plans and tenant improvements.

There were no office buildings built in this submarket greater than 20,000 sf in 2017. New construction or conversion of older buildings into small office/retail uses is likely to grow as developers and tenants seek opportunities in neighborhoods throughout the city.

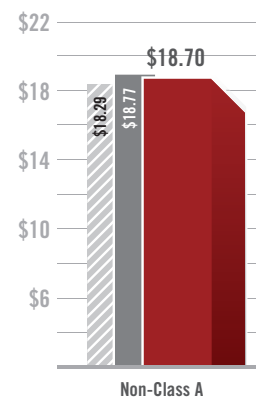
Note:

- There are no Class A buildings in this submarket.

2017 Occupancy



2017 Average Rental Rates



Orleans Parish, Non-CBD

| Building Name | Year Built/Year Renovated | No. of Floors | Total Rentable Square Feet | Total Rentable Square Feet Available | Percent Leased | Quoted Rental Rate (psf) | Largest Contiguous Block Available | Sublease Space Available |
|--|---------------------------|---------------|----------------------------|--------------------------------------|----------------|--------------------------|------------------------------------|--------------------------|
| 1215 Prytania Building 1215 Prytania St. | 1952 | 5 | 119,269 | 6,500 | 94.55% | \$12.00 - \$16.00 | 1,600 | 0 |
| Executive Plaza 10001 Lake Forest Blvd. | 1974 | 11 | 114,650 | 55,032 | 52% | \$15.00 - \$18.00 | 10,500 | 0 |
| Center for Energy Resources Management* 2045 Lakeshore Dr. | 2002 | 5 | 104,506 | 48,780 | 53.32% | \$20.00 - \$22.00 | 16,000 | 0 |
| Information Technology Ctr #1* 2219 Lakeshore Dr. | 2002 | 5 | 103,943 | 13,246 | 87.26% | \$22.00 - \$25.00 | 8,788 | 0 |
| Information Technology Ctr #2* 2233 Lakeshore Dr. | 1998 | 5 | 103,943 | 0 | 100% | N/A | 0 | 0 |
| Information Technology Ctr #3* 2251 Lakeshore Dr. | 1999 | 5 | 103,943 | 0 | 100% | N/A | 0 | 0 |
| Information Technology Ctr #4* 2285 Lakeshore Dr. | 2000 | 5 | 103,943 | 0 | 100% | N/A | 0 | 0 |
| Advanced Technology Center* 2021 Lakeshore Dr. | 2001 | 5 | 78,500 | 19,282 | 75.44% | \$21.00 - \$23.50 | 7,084 | 0 |
| Mid-City Center 320 N. Carrollton Ave. | 1925/ 2006 | 2 | 48,000 | 0 | 100% | \$20.00 | 0 | 0 |
| 1231 Prytania Building 1231 Prytania St. | 1967 | 6 | 39,000 | 7,500 | 80.77% | \$16.00 - \$18.00 | 2,500 | 0 |
| Smith Lupo Center 145 Robert E. Lee Blvd. | 1971/ 2006 | 5 | 38,000 | 0 | 100% | \$15.00 | 0 | 0 |
| Norman Mayer Memorial Building 2515 Canal St. | 1957/ 2006 | 4 | 34,594 | 0 | 100% | N/A | 0 | 0 |
| 101 W. Robert E. Lee Blvd. | 1982/ 2008 | 4 | 33,380 | 0 | 100% | \$18.00 | 0 | 0 |
| 4640 S. Carrollton Ave. | 1950 | 2 | 26,142 | 0 | 100% | N/A | 0 | 0 |
| Lake Willow Professional Building 7240 Crowder Blvd. | 1980/ 2011 | 4 | 24,000 | 4,045 | 83.15% | \$12.50 | 2,160 | 0 |
| TOTAL/AVERAGE OF ORLEANS PARISH, NON-CBD | | | 1,075,813 | 154,385 | 85.65% | \$18.70 | | |

* All part of the University of New Orleans (UNO) Technology Park

East Metairie



Significant Leases of 2017:

Three Lakeway Center

GSA - Lease Renewal of 77,529± rsf

Two Lakeway Center

Bio Medical - Lease Renewal of 58,740± rsf

Galleria

LAMMICO - Lease Renewal of 42,176± rsf

Heritage Plaza

Laporte - Lease Renewal of 20,628± rsf

Causeway Plaza II

Kushner LaGraize - Lease Renewal of 16,952± rsf

Looking forward in 2018: The Impact of the Energy Markets

The metro market experienced a decrease in occupancy in 2016 and 2017 due in part to falling price of oil. With the price of oil increasing in 2018, reversing a two-year downward trend, the market is cautiously optimistic that the energy sector will start hiring and leasing additional office space by the 3rd quarter of 2018.

24/7 Wall St., a financial news and opinion company, created an index of over three dozen socioeconomic measures to identify the 50 best American cities to live in, and Metairie ranked number 27. East Metairie's office market strong suits are its location, plentiful and free or low cost parking, diversity of office stock, shorter commute time for North Shore residents and strong overall demographics. The location of the office market in close proximity of the North Shore, the Louis Armstrong regional airport and the New Orleans CBD help to make the market's occupancy one of the strongest in the metro area.

The parking cost delta between the New Orleans CBD and East Metairie continues to grow as CBD parking costs increase due to additional demand from new apartments, hotel, and condominiums. While rental rates are generally higher in East Metairie than in the CBD, they tend to equalize when including parking costs.

Another major factor for the strength of the market is the shorter commute time for North Shore employees. As the North Shore continues to grow and employers look to recruit talent from the area, the significantly shorter commute from the North Shore to Metairie versus the New Orleans CBD becomes a major factor.

As the non-Class A office market in the

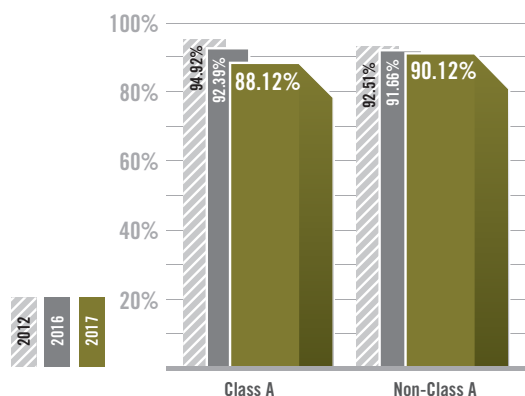
New Orleans CBD continues to get smaller due to redevelopment of older obsolete office buildings into apartments, hotel, and condominiums, the East Metairie market percentage of non-Class A office space in the metro market continues to increase. These buildings may become more attractive to users who do not want, or need, to be in a Class A building.

Due to the cost of land and construction costs, new ground up office development is not supported by current rates. New office building development in the market is likely limited to medical use and owner-occupied construction.

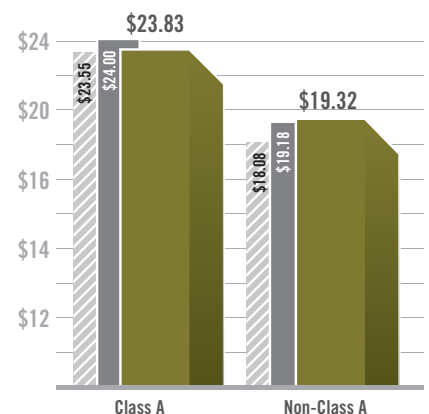
Other trends impacting this submarket as well as the overall office market, include companies using less office space per person which puts increased demand on building infrastructure; the increased density impacts elevators, restrooms, parking, mechanical and electrical building systems. The increasing cost of build-out for tenant spaces results in longer lease terms or tenants paying for some of the build-out cost.

In early 2017, the non-Class A Metairie Center office building was sold. The building contains approximately 91,000 sf and was 89% leased at the time of the sale. The approximate cost was \$111.43 per square foot; this transaction was a 1031 exchange for the purchaser.

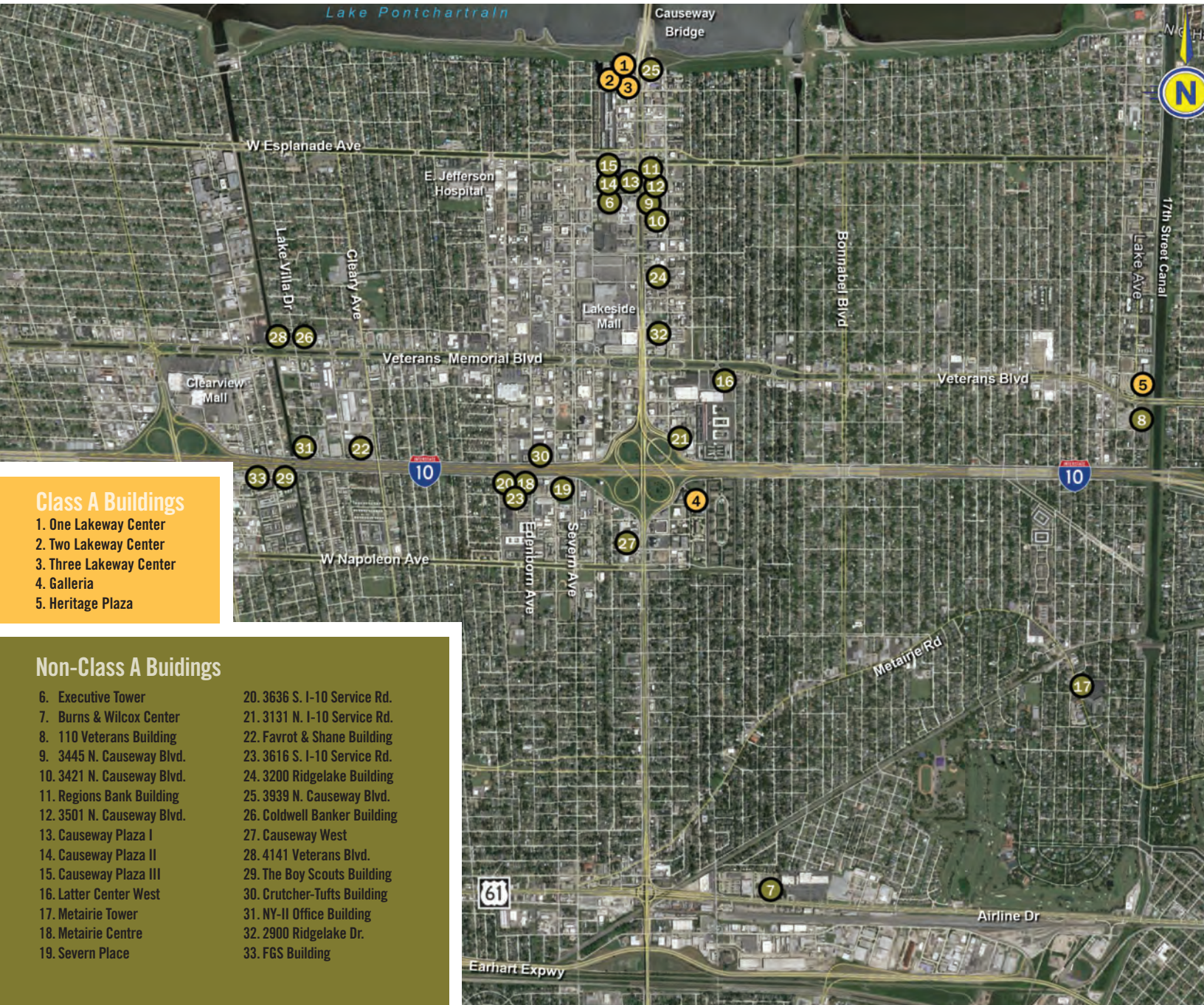
2017 Occupancy



2017 Average Rental Rates



East Metairie Office Submarket



East Metairie

| Building Name | Year Built | No. of Floors | Building Class | Total Rentable Square Feet | Total Rentable Square Feet Available | Percent Leased | Quoted Rental Rate (psf) | Largest Contiguous Block Available | Sublease Space Available |
|--|------------|---------------|----------------|----------------------------|--------------------------------------|----------------|--------------------------|------------------------------------|--------------------------|
| Three Lakeway Center 3838 N. Causeway Blvd. | 1987 | 34 | A | 471,745 | 23,628 | 94.99% | \$24.00 - \$25.00 | 8,901 | 0 |
| Galleria One Galleria Blvd. | 1986 | 22 | A | 465,985 | 73,901 | 84.14% | \$22.00 - \$25.00 | 34,324 | 0 |
| Two Lakeway Center 3850 N. Causeway Blvd. | 1984 | 19 | A | 449,309 | 76,552 | 82.96% | \$24.00 - \$24.50 | 16,403 | 0 |
| Heritage Plaza 111 Veterans Blvd. | 1983 | 18 | A | 353,003 | 20,649 | 94.15% | \$22.00 - \$23.00 | 9,715 | 18,841 |
| One Lakeway Center 3900 N. Causeway Blvd. | 1981 | 14 | A | 300,816 | 47,643 | 84.16% | \$24.00 - \$24.50 | 26,049 | 7,909 |
| Executive Tower 3500 N. Causeway Blvd. | 1972 | 14 | Non-A | 184,608 | 35,734 | 80.64% | \$18.50 - \$19.50 | 16,911 | 0 |
| 110 Veterans Building 110 Veterans Blvd. | 1972 | 5 | Non-A | 129,000 | 0 | 100% | \$19.00 - \$19.50 | 0 | 0 |
| 3445 N. Causeway Blvd. | 1969 | 10 | Non-A | 128,748 | 18,850 | 85.36% | \$18.00 - \$19.00 | 5,370 | 0 |
| 3421 N. Causeway Blvd. | 1973 | 10 | Non-A | 124,859 | 8,300 | 93.35% | \$18.50 | 4,216 | 6,361 |
| Burns & Wilcox Center 2121 Airline Dr. | 1987 | 6 | Non-A | 123,360 | 17,126 | 86.12% | \$22.00 | 6,429 | 0 |
| Regions Bank Building 3525 N. Causeway Blvd. | 1970 | 10 | Non-A | 123,000 | 34,492 | 71.96% | \$17.00 | 6,318 | 0 |
| 3501 N. Causeway Blvd. | 1973 | 10 | Non-A | 112,741 | 11,285 | 89.99% | \$19.50 | 3,938 | 11,880 |
| Causeway Plaza I 3510 N. Causeway Blvd. | 1982 | 6 | Non-A | 108,718 | 2,129 | 98.04% | \$21.00 | 2,129 | 0 |
| Causeway Plaza II 3330 W. Esplanade Ave. | 1982 | 6 | Non-A | 108,718 | 845 | 99.22% | \$21.00 | 845 | 0 |
| Causeway Plaza III 3300 W. Esplanade Ave. | 1983 | 6 | Non-A | 108,718 | 12,573 | 88.44% | \$21.00 | 8,037 | 0 |
| Latter Center West 2800 Veterans Blvd. | 1978 | 3 | Non-A | 96,979 | 7,386 | 92.38% | \$20.00 | 2,644 | 0 |
| Metairie Tower 433 Metairie Rd. | 1970 | 6 | Non-A | 94,055 | 2,181 | 97.68% | \$20.50 | 1,199 | 0 |

East Metairie (continued)

| Building Name | Year Built | No. of Floors | Building Class | Total Rentable Square Feet | Total Rentable Square Feet Available | Percent Leased | Quoted Rental Rate (psf) | Largest Contiguous Block Available | Sublease Space Available |
|--|------------|---------------|----------------|----------------------------|--------------------------------------|----------------|--------------------------|------------------------------------|--------------------------|
| Metairie Centre 2424 Edenborn Ave. | 1986 | 6 | Non-A | 90,637 | 12,029 | 86.73% | \$19.75 | 3,297 | 0 |
| Severn Place 2450 Severn Ave. | 1982 | 5 | Non-A | 86,219 | 0 | 100% | \$19.75 | 0 | 0 |
| 3636 S. I-10 Service Rd. | 1980 | 3 | Non-A | 60,000 | 5,071 | 91.55% | \$18.50 - \$19.50 | 6,500 | 0 |
| 3131 N. I-10 Service Rd. | 1979 | 4 | Non-A | 48,250 | 0 | 100% | \$18.50 - \$19.50 | 0 | 0 |
| Favrot & Shane Building 3925 N. I-10 Service Rd. | 1981 | 2 | Non-A | 44,992 | 8,971 | 80.06% | \$18.00 - \$20.00 | 5,481 | 0 |
| 3616 S. I-10 Service Rd. | 1979 | 2 | Non-A | 40,000 | 0 | 100% | N/A | 0 | 0 |
| 3200 Ridgelake Building 3200 Ridgelake Dr. | 1984 | 4 | Non-A | 40,000 | 2,265 | 94.34% | \$17.00 - \$18.00 | 2,265 | 0 |
| 3939 N. Causeway Blvd. | 1979 | 4 | Non-A | 40,000 | 0 | 100% | \$19.50 | 0 | 0 |
| Coldwell Banker Building 4051 Veterans Blvd. | 1970 | 4 | Non-A | 40,000 | 6,131 | 84.67% | \$14.00 - \$15.00 | 2,136 | 0 |
| Causeway West 3229 36th St. | 1974 | 2 | Non-A | 40,000 | 20,000 | 50% | \$17.50 | 20,000 | 0 |
| 4141 Veterans Blvd. | 1969 | 3 | Non-A | 32,755 | 0 | 100% | \$19.50 | 0 | 0 |
| The Boy Scouts Building 4200 S. I-10 Service Rd. | 1984 | 2 | Non-A | 31,947 | 662 | 97.93% | \$14.50 | 0 | 0 |
| Crutcher-Tufts Building 3545 N. I-10 Service Rd. | 1970 | 3 | Non-A | 30,940 | 0 | 100% | \$18.50 - \$19.00 | 0 | 0 |
| NY-II Office Building 2750 Lake Villa Dr. | 1985 | 3 | Non-A | 30,114 | 2,929 | 90.27% | \$18.50 - \$19.00 | 2,120 | 0 |
| 2900 Ridgelake Dr. | 1982 | 4 | Non-A | 30,000 | 0 | 100% | N/A | 0 | 0 |
| FGS Building 4300 S. I-10 Service Rd. | 1981 | 2 | Non-A | 25,026 | 3,845 | 84.64% | \$16.00 - \$21.00 | 3,645 | 0 |
| TOTAL CLASS A | | | | 2,040,858 | 242,373 | 88.12% | \$23.83 | | |
| TOTAL NON-CLASS A | | | | 2,154,384 | 212,804 | 90.12% | \$19.32 | | |
| TOTAL/AVERAGE OF EAST METAIRIE | | | | 4,195,242 | 455,177 | 89.15% | \$21.55 | | |

West Metairie/Kenner



2400 VETERANS BLVD.

Looking forward in 2018: New Airport Terminal

Construction of the new North Terminal at Louis Armstrong New Orleans Airport, which broke ground in early 2016, celebrated a “topping out” ceremony in late 2017. The terminal is scheduled to open in early 2019. Once completed, the North Terminal is slated to feature three concourses, 35 gates, a 2,190-car parking garage, an in-line baggage system and a consolidated checkpoint.

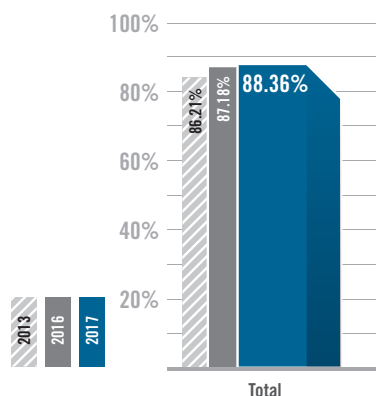
Occupancy and rental rates for the West Metairie/Kenner submarkets remained stagnant in 2017; 2400 Veterans continues to have 17,000 rsf of sublease space available, and Riverside II has yet to backfill its largest available space that was vacated in 2016. Even in this slower

market, the owners of 2400 Veterans signed two new leases for a positive absorption of 10,000 rsf and Riverside II was able to renew Unitech for 19,000 rsf.

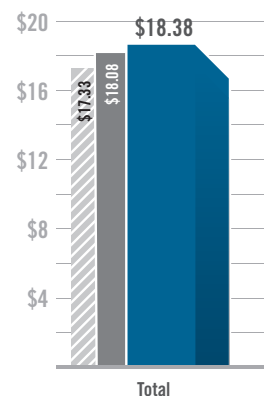
Note:

- There are no Class A buildings in this submarket.

2017 Occupancy



2017 Average Rental Rates



| Building Name | Year Built/Year Renovated | No. of Floors | Total Rentable Square Feet | Total Rentable Square Feet Available | Percent Leased | Quoted Rental Rate (psf) | Largest Contiguous Block Available | Sublease Space Available |
|--|---------------------------|---------------|----------------------------|--------------------------------------|----------------|--------------------------|------------------------------------|--------------------------|
| 2400 Veterans Blvd. | 1982/2014 | 5 | 133,195 | 10,940 | 91.79% | \$18.50 | 10,940 | 17,664 |
| Riverside II 6620 Riverside Dr. | 1983 | 3 | 69,684 | 17,421 | 75% | \$18.50 | 7,798 | 0 |
| 2200 Veterans Building 2200 Veterans Blvd. | 1985 | 2 | 44,874 | 5,756 | 87.17% | \$15.00 - \$20.50 | 3,236 | 0 |
| Riverside I 6660 Riverside Dr. | 1980 | 3 | 32,037 | 1,169 | 96.35% | \$18.50 | 1,169 | 0 |
| Metairie Bank Building 7809 Airline Dr. | 1967 | 3 | 23,250 | 0 | 100% | N/A | 0 | 0 |
| TOTAL/AVERAGE OF WEST METAIRIE/KENNER | | | 303,040 | 35,286 | 88.36% | \$18.38 | | |

Elmwood is a suburban tertiary market of East Metairie. One unique element of this submarket is that three of the eight buildings are owner occupied and three are occupied by a single tenant.

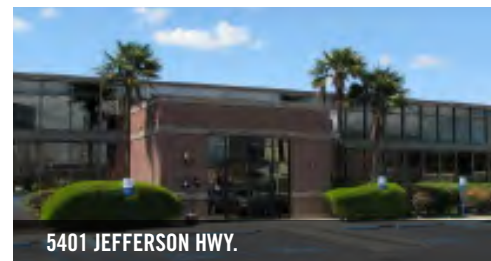
Leasing activity was very limited in the Elmwood submarket in 2017. The exception was 1333 S. Clearview Pkwy., where a customer support call center leased 28,383 sf. This building offers abundant free parking in excess of parish code, which helped it procure the call center and generate other interest.

Another building being repositioned is 5401 Jefferson Highway. This building was designed for a single tenant, but continues to be modified to accommodate smaller multi-tenant occupants.

One of the largest vacancies in the entire New Orleans market is found at 990 North Corporate Park Rd. This 56,000 sf building remains 100% vacant. The owners of this property are expected to list it for sale soon.

Note:

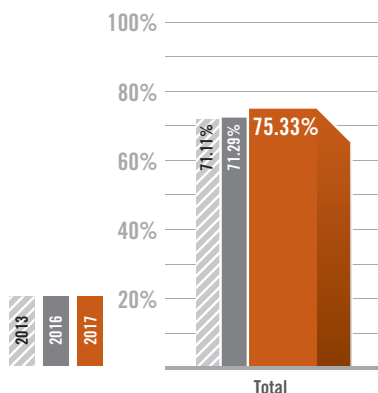
- *There are no Class A buildings in this submarket.*



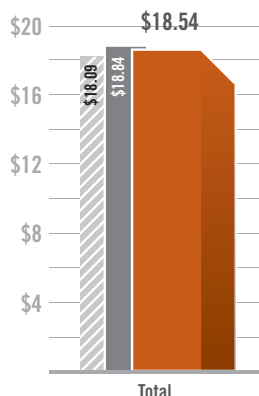
Looking forward in 2018: Parking in the CBD

Parking and accessibility continue to be major factors affecting the office markets in the New Orleans CBD and the entire region. As the number of hotels, apartment buildings and condos continue to increase in the CBD, parking and access become more expensive and difficult. Even though most office space can be found in the CBD, tenants with a denser use of office space have to look in the surrounding submarkets like Elmwood, to park their employees.

2017 Occupancy

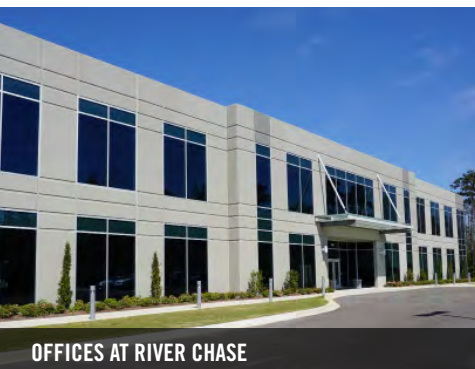


2017 Average Rental Rates



| Building Name | Year Built | No. of Floors | Total Rentable Square Feet | Total Rentable Square Feet Available | Percent Leased | Quoted Rental Rate (psf) | Largest Contiguous Block Available | Sublease Space Available |
|---|------------|---------------|----------------------------|--------------------------------------|----------------|--------------------------|------------------------------------|--------------------------|
| Elmwood Tower 1201 Elmwood Park Blvd. | 1982 | 10 | 205,313 | 0 | 100% | N/A | 0 | 0 |
| 5401 Jefferson Hwy. | 1982 | 1 | 100,000 | 60,000 | 40% | \$14.50 - \$19.50 | 35,000 | 0 |
| 880 Commerce Rd. West | 1979 | 5 | 93,629 | 18,631 | 80.10% | \$18.50 | 13,360 | 0 |
| 800 Commerce Rd. West | 1979 | 5 | 91,628 | 20,959 | 77.13% | \$19.50 | 8,362 | 0 |
| 1333 S. Clearview Pkwy. | 1974 | 5 | 90,000 | 17,153 | 80.94% | \$18.50 | 11,633 | 0 |
| 990 N. Corporate Park Rd. | 1979 | 3 | 56,065 | 56,065 | 0% | \$18.50 | 56,065 | 0 |
| 800 Commerce Rd. East | 1979 | 3 | 53,024 | 0 | 100% | N/A | 0 | 0 |
| 824 Elmwood Park Blvd. | 1984 | 2 | 39,600 | 7,124 | 82.01% | \$20.50 | 1,979 | 0 |
| TOTAL/AVERAGE OF ELMWOOD | | | 729,259 | 179,932 | 75.33% | \$18.54 | | |

North Shore



OFFICES AT RIVER CHASE

Looking forward in 2018: Mixed-use Developments across the Region

While not an office development, the South Market District in Downtown New Orleans continues to be one of the most important real estate developments to be built in the region over the past decade. This project, along with the Offices at River Chase, are prime examples of mixed-use projects that are becoming more popular across the region. The project consists of The Paramount, a 209-unit residential project with 21,300 sf of ground floor retail; The Beacon, a 124-unit residential project with 20,000 sf of ground floor retail; and The Park, a parking garage with 435 spaces and 27,000 sf of ground floor retail. In 2018, The Standard, a 89-unit high end residential condominium project, will open, and construction of the 29-story, 253-unit Odeon apartment building will begin.

As the oil and gas industry

continued to suffer through a general downturn in 2017, Chevron and Hornbeck, two of the larger employers on the North Shore, both experienced layoffs. While oil and gas certainly lead the economic path for the general health of the North Shore office market, it is by no means the only factor. The North Shore experienced a 40% increase of new business incorporations and a 28% increase in commercial building permits. Additionally, a significant number of employees (approximately 30%) continue to earn their incomes in Jefferson and Orleans Parishes which are both relatively more diverse economically.

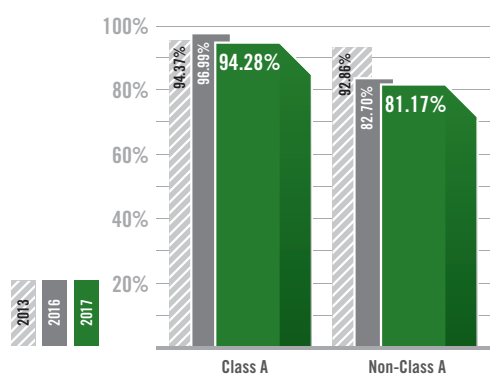
The Offices at River Chase, a 42,000 rsf, two-story Class A property opened in 2017 with a single 6,000 sf tenant. This is an interesting project as it is a part of a

larger mixed-use development project that includes both retail and residential. As the North Shore continues to develop from a bedroom community to a live and work one, the market should see more mixed-use developments like this one.

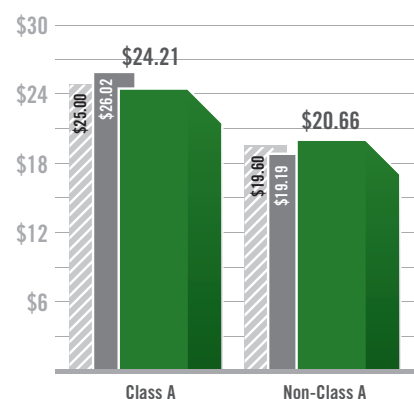
The two other major office developments on the North Shore (Versailles Business Center and Wadsworth Estates, LLC) failed to gain significant traction.

Sublease space on the North Shore remains unimpactful, boding well for new construction. However, most new construction is of the smaller variety (<20,000 rsf), which will not be tracked for this Market Report.

2017 Occupancy



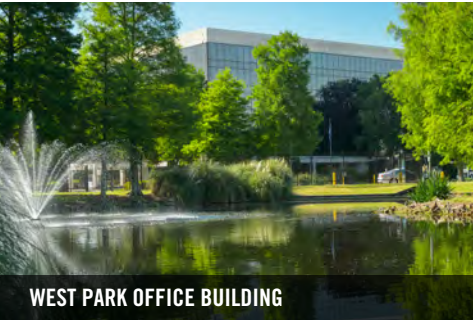
2017 Average Rental Rates



North Shore

| Building Name | Year Built | No. of Floors | Building Class | Total Rentable Square Feet | Total Rentable Square Feet Available | Percent Leased | Quoted Rental Rate (psf) | Largest Contiguous Block Available | Sublease Space Available |
|---|------------|---------------|----------------|----------------------------|--------------------------------------|----------------|--------------------------|------------------------------------|--------------------------|
| Chevron Building 1001 Northpark Blvd. | 2009 | 4 | A | 290,500 | 0 | 100% | N/A | 0 | 0 |
| Cypress Bend Office Building 1001 Ochsner Blvd. | 2009 | 4 | A | 105,157 | 0 | 100% | \$25.00 | 0 | 0 |
| Northpark Corporate Center 109 Northpark Blvd. | 1986 | 5 | A | 103,222 | 0 | 100% | \$24.00 - \$26.00 | 0 | 0 |
| Gray Insurance Building 1625 West Causeway Approach | 2006 | 2 | A | 55,000 | 0 | 100% | \$24.00 - \$25.00 | 0 | 0 |
| Offices at River Chase 16564 E. Brewster Rd. | 2017 | 2 | A | 42,671 | 34,136 | 20% | \$20.00 | 20,000 | 0 |
| 1010 W. Gause Blvd. | 1968 | 2 | Non-A | 100,000 | 0 | 100% | \$20.00 | 0 | 47,973 |
| Northpark Corporate II 103 Northpark Blvd. | 1998 | 3 | Non-A | 69,905 | 0 | 100% | \$26.00 - \$28.00 | 0 | 0 |
| Bodet Place I 1001 Northpark Blvd. | 2016 | 4 | Non-A | 50,000 | 0 | 100% | N/A | 0 | 0 |
| Resource Bank Building 5100 Village Walk | 2001 | 3 | Non-A | 43,405 | 7,359 | 83.05% | \$19.00 | 7,359 | 0 |
| Capital One Building 3840 Emerald Rd. | N/A | 4 | Non-A | 40,268 | 20,202 | 48.55% | \$22.00 - \$23.00 | 10,101 | 0 |
| 830 West Causeway Approach | 2006 | 2 | Non-A | 40,000 | 0 | 100% | N/A | | |
| Greengate One Office Building 1330 Greengate Dr. | 2014 | 3 | Non-A | 36,908 | 4,000 | 89.16% | \$21.00 | 4,000 | 0 |
| Greengate Two Office Building 1404 Greengate Dr. | 2016 | 3 | Non-A | 35,386 | 18,000 | 49.13% | \$21.00 | 12,000 | 0 |
| 800 N. Causeway | 2001 | 2 | Non-A | 31,100 | 16,000 | 48.55% | \$8.00 - \$12.00 | 16,000 | 0 |
| Loop Building 137 Northpark Blvd. | 2009 | 2 | Non-A | 30,000 | 0 | 100% | N/A | 0 | 0 |
| 205 Holiday Blvd. | 1988 | 2 | Non-A | 28,885 | 28,885 | 0% | \$18.00 | 28,885 | 0 |
| No. 2 Sanctuary Blvd. Building 2 Sanctuary Blvd. | 1998 | 3 | Non-A | 21,000 | 0 | 100% | \$21.00 | 0 | 0 |
| No. 3 Sanctuary Blvd. Building 3 Sanctuary Blvd. | 2000 | 3 | Non-A | 21,000 | 0 | 100% | \$21.00 | 0 | 0 |
| No. 4 Sanctuary Blvd. Building 4 Sanctuary Blvd. | 2004 | 3 | Non-A | 21,000 | 0 | 100% | \$21.00 | 0 | 0 |
| No. 5 Sanctuary Blvd. Building 5 Sanctuary Blvd. | 2006 | 3 | Non-A | 21,000 | 0 | 100% | \$21.00 | 0 | 0 |
| The Allstate Building 111 Park Place | 1998 | 1 | Non-A | 20,153 | 812 | 95.97% | \$22.00 | 812 | 0 |
| 2050 E. Gause Blvd. | 2006 | 2 | Non-A | 20,000 | 20,000 | 0% | \$18.00 | 20,000 | 0 |
| TOTAL CLASS A | | | | 596,550 | 34,136 | 94.28% | \$24.12 | | |
| TOTAL NON-CLASS A | | | | 630,010 | 115,258 | 81.71% | \$20.66 | | |
| TOTAL/AVERAGE OF NORTH SHORE | | | | 1,226,560 | 149,394 | 87.81% | \$21.99 | | |

West Bank



WEST PARK OFFICE BUILDING

Looking forward in 2018: The Rise of Co-Working

The continued growth of co-working spaces in New Orleans shows that this is not a short-term fad, but a sustainable trend with how office space is leased and utilized. In 2017, Regus opened an 11,640 sf co-working facility in Harvey and The Shop at the CAC, a 40,000 sf co-working space, was opened in The Besthoff Building at the Contemporary Arts Center in the Warehouse District of New Orleans.

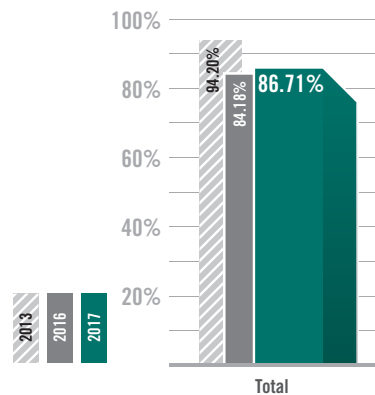
The leasing of the Westpark Office Building by the Louisiana Children's Medical Center in 2016 brought stability to the West Bank submarket. While this is a single-tenant building, the rest of the market consists of multi-tenant buildings serving smaller tenants. There has been

limited activity of tenants moving and closing, but nothing large enough to reflect in the greater market numbers.

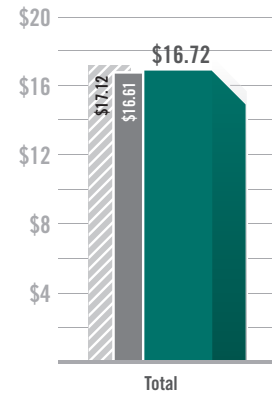
Note:

- There are no Class A buildings in this submarket.

2017 Occupancy



2017 Average Rental Rates



| Building Name | Year Built | No. of Floors | Total Rentable Square Feet | Total Rentable Square Feet Available | Percent Leased | Quoted Rental Rate (psf) | Largest Contiguous Block Available | Sublease Space Available |
|---|------------|---------------|----------------------------|--------------------------------------|----------------|--------------------------|------------------------------------|--------------------------|
| Oakwood Corporate Center 401 Whitney Ave. | 1985 | 6 | 133,421 | 16,937 | 87.31% | \$19.00 - \$19.50 | 8,028 | 0 |
| Timbers Office Building 3520 General Degaulle Dr. | 1985 | 5 | 128,163 | 22,433 | 82.50% | \$14.00 | 20,942 | 0 |
| Westpark Office Building 1 Seine Ct. | 1983 | 6 | 108,889 | 0 | 100% | \$16.00 - \$18.00 | 0 | 0 |
| Manhattan Place 2439 Manhattan Blvd. | 1978 | 5 | 62,066 | 1,500 | 90.89% | \$18.00 | 1,500 | 0 |
| 2550 Belle Chasse Hwy. | 1983 | 3 | 45,000 | 6,500 | 85.56% | \$16.00 - \$16.50 | 5,500 | 0 |
| Stone Plaza 1601 Belle Chasse Hwy. | 1984 | 3 | 32,653 | 2,230 | 93.17% | \$18.00 | 981 | 0 |
| Mac Arthur Professional Bldg. 3712 Mac Arthur Blvd. | 1971 | 2 | 27,766 | 4,160 | 85.02% | \$14.00 | 3,160 | 0 |
| Cypress Park 405 Gretna Blvd. | 1976 | 2 | 24,248 | 0 | 100% | N/A | 0 | 0 |
| Marrero Land Office Plaza 5201 Westbank Expy. | 1971 | 4 | 23,310 | 16,721 | 28.27% | \$15.00 - \$18.00 | 4,821 | 0 |
| TOTAL/AVERAGE OF WESTBANK | | | 585,516 | 77,839 | 86.71% | \$16.72 | | |

St. Charles Parish

The primary economic influence in St. Charles Parish affecting office users is the oil and gas-related maritime industry. This industry relies heavily on contractual work with oil and gas companies, resulting in alternating expansion and reductions, depending on the length of a contract. Because of the general downturn in the industry, large office consumers have

contracted to the point of extinction over the last several years. The smaller tenants (2,000-3,000 sf average) continue to be stable and are beginning to commit to longer-term leases, a positive indication of stabilization of the market.

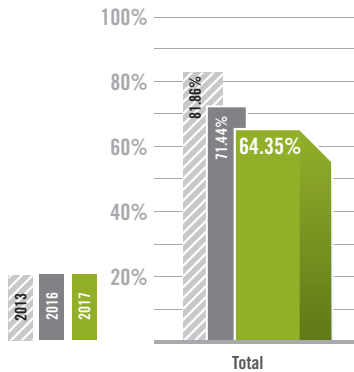
Note:

- There are no Class A buildings in this submarket.

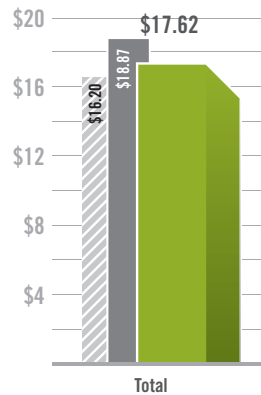


TWO JAMES PARK

2017 Occupancy



2017 Average Rental Rates



Looking forward in 2018: Parking in Suburban Markets

The low cost and availability of parking continues to be a major advantage for suburban office buildings compared to buildings in the CBD. Buildings continue to experience strong occupancy levels from tenants, demanding higher density of their spaces, which will make suburban parking ratios even more attractive for tenants.

| Building Name | Year Built | No. of Floors | Total Rentable Square Feet | Total Rentable Square Feet Available | Percent Leased | Quoted Rental Rate (psf) | Largest Contiguous Block Available | Sublease Space Available |
|---|------------|---------------|----------------------------|--------------------------------------|----------------|--------------------------|------------------------------------|--------------------------|
| Kongsberg Maritime Bldg. 145 James Drive East | 1981 | 3 | 84,000 | 28,000 | 66.67% | \$19.50 | 28,000 | 0 |
| Two James Park 120 Mallard St. | 1981 | 3 | 53,520 | 7,782 | 85.46% | \$16.50 | 4,160 | 0 |
| One James Park 100 James Dr. | 1980 | 3 | 43,055 | 36,597 | 15% | \$17.00 | 16,243 | 0 |
| Campus Center 104 Campus Dr. E. | 1982 | 2 | 26,066 | 0 | 100% | \$17.50 | 0 | 0 |
| 160 James Dr. E. | 1981 | 1 | 25,772 | 9,340 | 63.76% | \$16.50 | 9,340 | 0 |
| Five James Park 110 James Dr. W. | 1983 | 2 | 24,018 | 9,694 | 59.64% | \$16.00 | 7,338 | 0 |
| TOTAL/AVERAGE OF ST. CHARLES PARISH | | | 256,431 | 91,412 | 64.35% | \$17.62 | | |

Corporate Realty's Office Specialists



Michael J. Siegel, SIOR
President and Director of Office Leasing
504.581.5005



Meg Carrone, CPM, CCIM
Director of Leasing, Energy Centre
504.569.2052



Jeff Cohn
Sales and Leasing Associate,
Galleria, Causeway Plaza and
3445 N. Causeway
504.581.5005



Bennett K. Davis, CCIM
Director of Leasing, Place St. Charles
504.582.1416



Andrea A. Huseman, CCIM
Director of Leasing, One Canal Place
504.587.1450



Austin Lavin, CCIM
Sales and Leasing Associate,
Tenant Representation
504.581.5005



Colleen Lewis, CCIM, SIOR
Broker Associate
504.581.5005



Donna Whalen Little
Sales and Leasing Associate,
Tenant Representation
504.581.5005



William 'Bill' Moody
Broker Associate
504.581.5005



William Sadler
Research Analyst
504.581.5005



Bruce Sossaman, SIOR
Director of Leasing, Lakeway Complex
and One Shell Square
504.219.5842



Randall R. White
Sales and Leasing Associate,
Tenant Representation
504.581.5005





201 St. Charles Ave. Suite 4411, New Orleans, LA 70170
504.581.5005 • info@corp-realty.com • corp-realty.com

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