

CBD attractive for apartment development

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NEW ORLEANS — NEW ORLEANS (AP) - With office space occupancy continuing to trend down in the Central Business District, analysts say the city should expect to see additional apartment development as demand for urban living continues to stay strong.

The belief is that New Orleans is following a growing national trend in which more residents are returning to urban centers to live closer to where they work.

Broker Larry Schedler told New Orleans CityBusiness (<http://bit.ly/1ck4Mku>) that increasing numbers of "renters by choice" want to be near a center of activity as an alternative to suburban living.

Schedler says the CBD is attractive because it has a large number of older buildings that are good candidate for conversion to residential use.

"It is an open canvas in the CBD," Schedler said. "There is a tremendous opportunity right now for investors and developers to come in and clean up an area occupied by parking lots and vacant older buildings, creating a larger tax base for the city."

A cluster of vacant office buildings occupy the area bounded by Poydras, Canal and Carondelet streets and Elk Place. Renovation plans are already in motion at two buildings, 144 Elk Place and 225 Baronne St., while others, such as 234 Loyola Ave. and multiple buildings in the 1100 block of Tulane Avenue, show no signs of life.

At 144 Elk Place, developer Mike Wampold intends to convert the 17-story tower into 100 apartments with parking and retail on lower levels. Work on the building began in July and an opening is set for next spring.

At 225 Baronne St., HRI Properties hopes to start construction in October on a 192-unit apartment development that will also feature a small hotel.

Mark Madderra, principal partner in the mortgage banking firm Madderra & Cazalot, said New Orleans presents less of a gamble for such residential developments than Atlanta, Houston or Chicago.

"You have to look at the nature of the city," Madderra said. "Historically, New Orleans is one of those cities with a vibrant downtown area. If any city is going to do well, it is us."

Schedler added that New Orleans renters are getting bargain prices for residential offerings similar to those in larger cities. He said average rent per square foot ranges from \$1.70 to \$2 per square foot in the CBD, well below the \$3 range seen in other city centers.

"Rents are respectable, but they are much more elsewhere," Schedler said. "And when you consider the close proximity of most buildings to the Superdome, the French Quarter, the arts district and the streetcar lines, it is a considerable bargain."

But rents in the CBD likely have not reached a peak. David Abbenante, HRI Properties president of residential property management, said rates at multi-family properties that have been around for years, such as the Woodward-Wright and Cotton Mill developments in the Warehouse District, have started to increase.

In 2011, the CBD added 255 apartments when the 100-unit Maritime at 800 Common St., and the 155-unit Saratoga at 212 Loyola Ave. opened. Developer Marcel Wisznia, who owns both buildings, said they were close to capacity before opening day.

A year later the Hibernia Building, an HRI Property at 313 Carondelet St., added another 175 units to the market. Abbenante said that building was close to being full when it opened in October.

Information from: New Orleans CityBusiness, <http://www.neworleanscitybusiness.com>

