



Market Reports

New Developments Put New Orleans Among Hottest Retail Markets in the Country

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As New Orleans-area residents and businesses can attest, The Big Easy is currently experiencing a dynamic period of growth and development. With projects coming out of the ground, fierce competition for limited commercial space downtown and a number of new retailers entering the market, there is more reason for optimism than at any time in recent history.



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New Orleans is a hot market right now — hotter than at any time in the past 25 years, which is a remarkable feat given the significant momentum shifts over the years. Retail activity is especially significant, with brokers observing that the last 24 months constitute an unprecedented level of activity. What is particularly noteworthy about the strength of the market is that the

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growth appears to be spread across all categories — from urban core development to suburban and peripheral activity, and from ground-up projects to redevelopments.

Newcomers and Returnees

The list of major national retailers that have either recently opened their first store in the market, or that have just now re-established a presence in New Orleans almost 10 years after Hurricane Katrina, is eye-catching and speaks to the market momentum that has been building over the last two years. Big names like Marshall's, PetSmart and Costco are all new-to-market or recent returnees.

H&M, Tiffany's, West Elm and Arhaus (under construction) recently opened their first Louisiana locations in New Orleans. Another noteworthy addition is Hobby Lobby, which recently opened its first New Orleans-area store in Jefferson Parish. What is even more interesting is the long line of brands either aspiring to move into the market or actively involved in negotiations to do so. Trader Joe's, Nordstrom Rack and LA Fitness are currently identifying sites in the New Orleans Metro Area.

People and Places

While the city of New Orleans' population has not yet reached pre-Katrina density, the influx of a new generation of urban residents is a big part of New Orleans' dynamic recovery and accelerating commercial real estate growth. Driven predominantly by Millennials, the wave of new residents moving into (and back to) the city proper is re-energizing New Orleans. As a result, the city has seen a dramatic spike in residential development, with 1,400 apartments or condo units under construction or planned for development just in the last 18 months.

The city has also seen a number of significant new developments both coming on line and in the development pipeline. The Howard Hughes Corp. opened The Outlet Collection at Riverwalk last May to much fanfare. Billed as "the nation's first downtown outlet center," the \$80 million redevelopment is home to a number of tenants that are regional firsts, including Neiman Marcus Last Call Studio, Coach Factory Store and Tommy Bahama Outlet. Additionally, the second phase of the exciting South Market District project — a mixed-use development with high-end retail, dining and entertainment options along Loyola Ave. — is already underway, with the completion of Phase I slated for the fourth quarter of this year, while Phase II and Phase III are underway.

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Even more impressive, however, is the degree to which new development has taken off across the city. Downtown in particular has seen a huge spike in activity, especially the central business district (CBD), Warehouse District, Bywater Neighborhood and Canal Street. The city now boasts a wide range of prominent mixed-use destinations and high-end shopping experiences that span across downtown and along the waterfront.

In February of this year, Whole Foods Market opened its third New Orleans-area location off Canal Street on Broad. The grocery is part of the ReFresh Project, a 60,000-square-foot development focused on stimulating growth in New Orleans' Broad Street commercial corridor and improving access to fresh, high-quality food and health-related programs. The site also houses Liberty's Kitchen, a youth development program that provides culinary training for New Orleans youth, and the Goldring Center for Culinary Medicine. In partnership with Tulane Medical School, the Goldring Center trains medical students and the community in healthy cooking techniques.

In spring 2015, Stirling Properties and JCH Development will develop the first two-level shopping center, Magnolia Marketplace, on Claiborne Avenue in Central City. Construction is underway, and the 100,000-square-foot development will open in 2015. Anchors for the project will include Ulta Beauty, Ross Dress for Less, T.J. Maxx, Shoe Carnival, PetSmart and Michael's.

Close Quarters

One of the things that makes New Orleans such a unique market is the geographical arrangement of the city itself. It has a comparatively small, walkable metro area, which not only creates a fiercely competitive market downtown, but also forces retail and restaurant tenants to develop smaller concepts better suited for an urban environment.

Consequently, vacancy levels are low and rents — such as those in high-profile and desirable locations like Magazine Street — are being pushed to close to an all-time high. While this momentum is obviously unsustainable in the long run, it is clear that, today, New Orleans is among the nation's hottest and most competitive urban markets.

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