

## Kenner awaits airport terminal's real estate impact

By: Robin Shannon, Reporter    November 6, 2014    0

As Armstrong Airport moves forward with its new \$546 million passenger terminal, there is high confidence the project will lead to an eventual real estate revitalization of the far western end of Veterans Boulevard.

While hopes are high for hotel and retail development, commercial real estate experts say it is too early to tell how the airport project will impact the stagnant office space market.

When the city of New Orleans first began looking at proposals to redevelop the aging airport, Kenner Mayor Mike Yenni initially feared the plan would lead to government buyouts and displacement of surrounding residents and businesses. With the project staying within the airport's footprint and shifting activity to the north side, he now sees it as a shot in the arm for surrounding properties.



(Rendering courtesy City of New Orleans)

"We have several blocks of vacant and underused property along that Veterans corridor that I think is prime for development," Yenni said. "There isn't a whole lot out there to draw people in, but I think that stands to change once work on the airport project begins."

Part of the plan for the new terminal is a \$78 million "flyover" road that would connect Interstate 10 and Loyola Drive leading into the airport. Money for that portion of the project has yet to be allocated.

Even with the flyover in place, Yenni said the stretch of Veterans between Williams Boulevard and Loyola Drive could be poised for significant redevelopment with restaurants, rental car lots, new hotels and other supporting businesses lining the route to the airport.

"I think we have the chance to create something similar to what you see leaving George Bush Airport in Houston," Yenni said. "The main road out is lined with those types of businesses. When travelers are hit with delays and cancellations, they will need places to eat and places to sleep. There are opportunities to be had."

Developer Jody Grass said opportunities extend beyond Veterans and into surrounding neighborhoods. Although it isn't directly tied to the airport project, his construction firm, Allied Building Co., has already started to convert rundown warehouses along Bainbridge Drive into space for small businesses. He said Bainbridge Drive and the Crestview neighborhood just west of the airport stand to gain.

"I think a lot of those businesses you currently see along Airline Drive near the airport now will move to the north end where there are more options for development," Grass said. "The airport never had a serious amount of support business around it. Rental car and hospitality companies are considering their options."

Yenni said plans are already in the works for a pair of hotels at the site of a former Days Inn hotel on Airline set to be demolished. Developer Mike Vira wants to build two four-story buildings on the site with 203 guestrooms, according to the mayor.

Although the timing seems right for new development in that part of Kenner, commercial Realtors say new office development might lag behind. Outside of the recent relocation of the technology company 4th Source from Atlanta, Kenner has seen little growth in the office market and the trend isn't expected to change in the immediate future.

According to Corporate Realty's third quarter review of office occupancy and absorption in the metro area, the Kenner and West Metairie market saw occupancy drop from 84 percent to 82 percent from July 1 to Sept. 30.

Bruce Sossaman, Corporate Realty broker associate, said the market has about 40,000 square feet of vacant space, and those offices would need to be filled before any new development could take place.

"With a rental rate in the mid \$18 per square foot range, it makes it hard to build," Sossaman said. "I think you would have to see rates about \$20 per square foot because of the high cost of construction."

In eastern St. Charles Parish, the company that manages the James Business Park in St. Rose also isn't expecting to see much notable growth from the airport project.

Jennifer Lee, director of marketing and leasing for Sealy & Co., said the park is seeing some marginal growth from expansion work at chemical plants along the river, but not much is expected when work begins on the new terminal.

"Contractors working on the terminal are most likely going to work out of trailers onsite," Lee said. "We didn't see any gains when the rental car terminal was built in 2013, and we don't expect any with the terminal relocation."

**To sign up for free CityBusiness Daily Updates, click [here](#).**

Tagged with: [4TH SOURCE](#) [ALLIED BUILDING CO.](#) [BRUCE SOSSAMAN](#) [CORPORATE REALTY](#) [JODY GRASS](#) [KENNER](#) [LOUIS ARMSTRONG INTERNATIONAL AIRPORT](#)  
[MIKE YENNI](#) [VETERANS BOULEVARD](#)

**Successful Project Estimators  
Read DJC. Be Among Them.**

Since 1822  
**Daily Journal of Commerce**  
**LEARN MORE >>**

