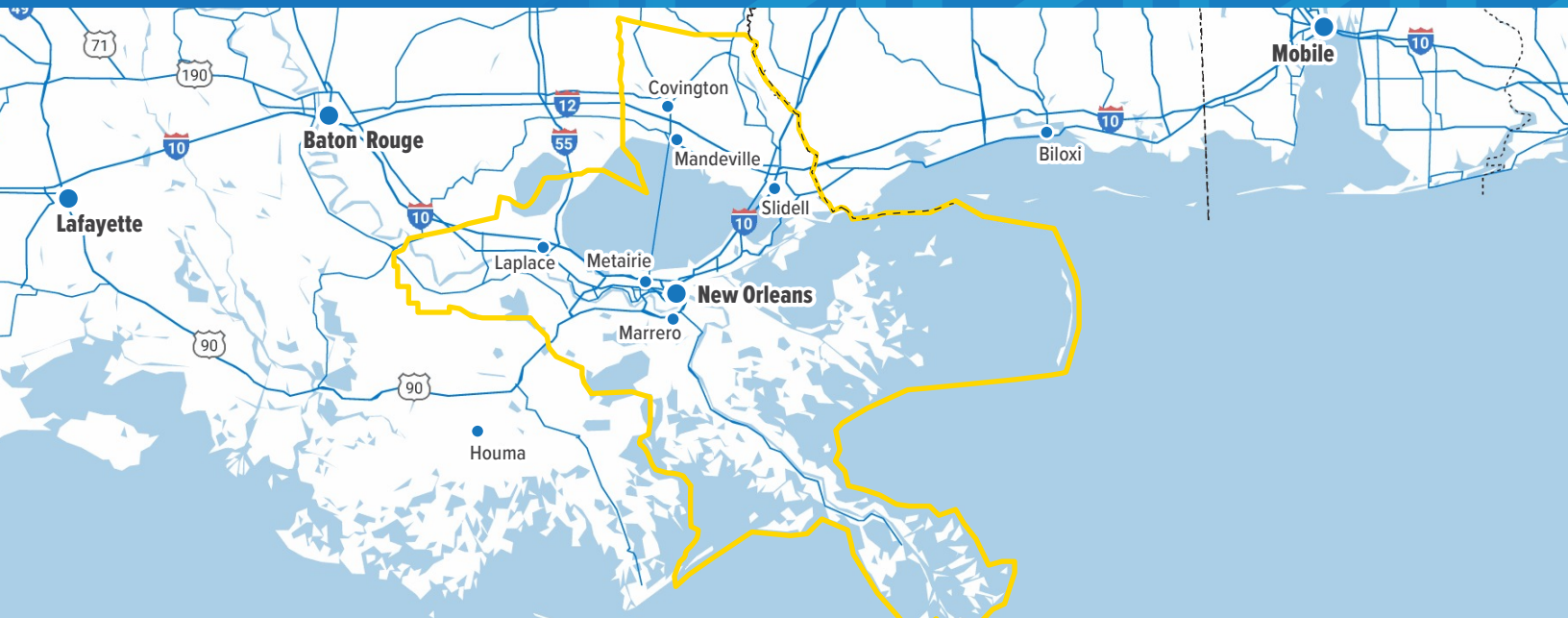




MARKET INSIGHTS

NEW ORLEANS MSA
LOUISIANA

Q3-25



AREA SUMMARY

The New Orleans–Metairie Metropolitan Statistical Area (MSA) encompasses eight parishes—Orleans, Jefferson, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, St. James and St. Tammany. After a 2023 redefinition, St. Tammany Parish formed its own Slidell–Mandeville MSA due to population increase on the Northshore. However, for the purposes of this report and CoStar’s market analysis, both areas are considered as a single market.

New Orleans MSA is Louisiana’s largest metro economy. The New Orleans MSA is driven by a combination of port and trade logistics, energy (oil, gas, petrochemicals), tourism & hospitality, and an emerging tech/creative sector. The Port of New Orleans ranks as the No. 1 port in the western hemisphere by tonnage, and Louisiana ports handle over \$80 billion in yearly trade. Top exports from the metro include refined petroleum, soybeans, and aircraft parts. Major employers in the area include Entergy (the area’s lone Fortune 500 firm), shipbuilders, aerospace and military contractors, healthcare systems, universities, and a growing cluster of startups and tech firms. Tourism remains essential—supporting tens of thousands of jobs—while sectors like education, healthcare, and professional services have gained traction, helping diversify the regional economy.

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RETAIL MARKET INSIGHT

The New Orleans retail market in mid-2025 is experiencing historically low vacancy rates, despite a wave of dollar and discount store closures. The overall vacancy rate stands at 4.5%, below the long-term average of 4.8%, and single-tenant properties are particularly tight at just 2%. Leasing activity remains healthy but has slowed slightly due to limited available space and the lack of new supply—only 400,000 SF of new retail space was delivered over the past year. New Orleans’ retail market remains in one of its tightest fundamental positions on record thanks to healthy demand, limited new supply, and a reduction in overall inventory. Strong demand persists, especially in growing suburban areas like Covington and Mandeville, driven by large build-to-suit deals like Costco’s 160,000-SF lease.

Retail rents have moderated from a high of 4.9% growth in 2022 to 1.7% year-over-year in 2025. Even with this deceleration, rent growth in New Orleans has outperformed the national trend. Tenants are starting to push back on elevated rents due to rising operational costs, particularly insurance. Asking rents currently average \$23.00/SF, keeping New Orleans relatively affordable compared to the national average. The French Quarter commands the highest retail rents in the metro area, while well-established submarkets such as the CBD, Warehouse District, and Uptown also see premium pricing.

Retail sales activity remains muted due to high interest rates and tighter lending conditions, with an average sales price of \$198/SF—still below the U.S. average. Suburban retail centers continue to attract investor interest, particularly grocery-anchored assets. Cap rates have widened, with recent deals like the Winn-Dixie sale trading (Dec 2024) at 8.5%. Meanwhile, the local economy added 6,300 jobs in 2024, rebounding from the previous year’s loss. Despite challenges, New Orleans’ unique culture and quality of life continue to attract residents, helping support long-term retail demand and stability.



87 M SF
RETAIL INVENTORY



2.7%
ANNUAL RENT GROWTH



4.5%
VACANCY RATE

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▼ 12 Mo. Net Absorption SF	(823,778)	(638,378)	(164,359)	(79,451)	(26,503)
▲ Vacancy Rate	4.5%	4.3%	3.7%	3.4%	3.2%
▲ Avg. Asking Rent PSF	\$22.50	\$22.49	\$22.57	\$22.45	\$22.28
▲ Sale Price PSF	\$198	\$197	\$199	\$196	\$195
— Cap Rate	7.4%	7.4%	7.4%	7.4%	7.4%
— Under Construction SF	30.5K	30.5K	52.9K	226K	293K
— Inventory SF	85.3M	85.3M	85.3M	85.1M	85M

RETAIL MARKET INSIGHT

TOP LEASE TRANSACTIONS BY SF	SUBMARKET	SIZE SF	DATE	TENANT
5003-5009 Lapalco Blvd Marrero	Westbank	45,000	Q1 2025	Crunch Fitness
Premier Center 3414 US Hwy 190, Mandeville, LA	Mandeville/ Covington	30,500	Q3 2024	HomeGoods
MacArthur Center 3600 MacArthur Blvd, New Orleans	Westbank	35,000	Q4 2024	Crunch Fitness
Village At Northshore 105-135 Northshore Blvd, Slidell	Slidell	20,125	Q1 2025	Goodwill

12-MONTH NET ABSORPTION	SUBMARKET	SIZE SF	VACANT SF	12-MONTH ABSORPTION SF
Costco Wholesale 4001 Pinnacle Pkwy, Covington, LA	Mandeville/ Covington	159,000	0	159,000
Floor & Decor 7409 Pinnacle Pkwy, Covington, LA	Mandeville/ Covington	80,000	0	80,000
Home Furniture Plus Bedding 70427 LA-21, Covington, LA	Mandeville/ Covington	60,000	0	60,000

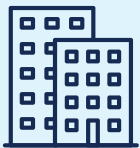
TOP SALE TRANSACTIONS BY SF	SUBMARKET	SIZE SF	DATE	PRICE	PSF
Pinnacle Nord du Lac 6107-6115 Pinnacle Pkwy, Covington	Mandeville/ Covington	215,058	Nov 2024	\$27M	\$126
Academy Sports + Outdoors 7205 Pinnacle Pkwy, Covington	Mandeville/ Covington	88,174	Nov 2024	\$10.7M	\$121
Winn-Dixie (Algiers Plaza) 3008 Holiday Dr, New Orleans	Westbank	63,632	Dec 2024	\$8.1M	\$127
Chick-fil-A 4140 Gen. de Gaulle Dr, New Orleans	Westbank	-	Apr 2025	\$1.7M	-
Trader Joe's 2428 Napoleon Ave, New Orleans	Uptown	1.35 Acs	Oct 2024	-	-

OFFICE MARKET INSIGHT

The New Orleans office market remains relatively stable in early 2025, with vacancy rates above the national average, even as some major tenants have downsized or left the market. This is largely due to limited new supply, ongoing demolitions, and a steady stream of demand from accounting, insurance, and law firms, especially in suburban areas like Jefferson and St. Charles Parishes. Most new leasing activity has favored these suburban markets with better parking, ease of access and proximity to residential neighborhoods. Rent growth has flattened year-over-year, and tenant incentives and higher improvement allowances have become common, particularly for long-term leases.

The Central Business District continues to struggle with public safety concerns and rising vacancies. Tenants are typically seeking less space with a higher level of improvements, like the suburban markets, in effort to right-size following the height of the Covid impact. Higher level office space and increasing operating expenses have triggered subtle increases to rental rates which are expected to continue rising. New construction is limited but notable, with the groundbreaking of the new Shell office building in the new mixed-use River District —a 124,000 SF Class A development—marking the first significant ground-up office project in over 30 years.

Conversion of outdated office inventory in the CBD into residential or hospitality uses is more prevalent than new development. On the investment side, transaction volume remains low, reflecting tight lending conditions and uncertainty. Cap rates have risen significantly, especially for older or vacant properties. Debt maturities looming through 2026, particularly for CMBS loans, could trigger distressed sales. Despite these headwinds, New Orleans' affordability, limited speculative development and steady local demand are helping the market avoid the more severe disruptions seen in other metro areas.



55.4 M SF
OFFICE INVENTORY



0.2%
ANNUAL RENT GROWTH



7.3%
VACANCY RATE

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▼ 12 Mo. Net Absorption SF	121,798	247,612	(259,575)	(137,073)	23,690
▲ Vacancy Rate	7.3%	7.2%	7.5%	7.1%	7.0%
▲ Avg. Asking Rent PSF	\$22.50	\$21.00	\$20.97	\$20.97	\$20.96
▼ Sale Price PSF	\$96	\$97	\$97	\$99	\$101
▲ Cap Rate	12.8%	12.7%	12.6%	12.4%	12.2%
— Under Construction SF	129K	129K	129K	108K	108K
— Inventory SF	55.4M	55.4M	55.4M	55.4M	55.4M

OFFICE MARKET INSIGHT

TOP LEASE TRANSACTIONS BY SF	SUBMARKET	SIZE SF	DATE	TENANT
Place St. Charles 201 St. Charles Ave, New Orleans	New Orleans CBD	49,266	Q3 2024	Capital One
1450 L & A Rd Metairie	Metairie	45,876	Q3 2024	RNGD Construction
River Chase Office II 16675 E. Brewster Rd, Covington	Mandeville/ Covington	26,174	Q3 2024	Stirling

12-MONTH NET ABSORPTION	SUBMARKET	BUILDING SF	VACANT SF	12-MONTH ABSORPTION SF
Place St. Charles 201 Place St. Charles Ave, New Orleans	New Orleans CBD	1,004,000	238,846	43,406
One Lakeway Center 3900 N Causeway Blvd, Metairie	Metairie	449,303	109,346	66,818
Three Lakeway Center 3900 N Causeway Blvd, Metairie	Metairie	646,550	94,382	29,516

TOP SALE TRANSACTIONS BY SF	SUBMARKET	SIZE SF	DATE	PRICE	PSF
Energy Centre 1100-1150 Poydras St, New Orleans	New Orleans CBD	761,500	Nov 2024	\$60,000,000 - \$65,000,000*	~\$85*
Security Center 147 Carondelet St, New Orleans	New Orleans CBD	41,922	Apr 2025	\$3,500,000	\$83
615 Baronne St New Orleans	New Orleans CBD	25,700	Dec 2024	\$2,400,000	\$93
190 New Camellia Blvd Covington	Mandeville/ Covington	25,000	Dec 2024	\$3,237,000	\$129

* Price Undisclosed, but estimate generated from proprietary source.

INDUSTRIAL MARKET INSIGHT

The greater New Orleans industrial market saw a period of adjustment in early 2025, marked by a rise in the overall vacancy rate to 3.1%, the highest since 4Q 2021. Despite the uptick in vacancy rate, New Orleans' vacancy remains well below the national average of 7.1%, and demand for small-bay and flex properties remains in demand, with vacancies under 2%—a level consistent with long-term norms. Other than Class A, nearly all subtypes have experienced an increase in vacancy as supply has increased.

While new Class A construction and inventory remain limited, Agile Coast delivered their highly anticipated 125,000 SF Class A Rue Sucre – St. James Parish Luling Business Park distribution center in March. This was the first newly constructed Class A DC to be delivered to the market since Industrial Realty Group's (IRG) 2023 groundbreaking of the 250,000 SF DC Michoud's Propel Michoud in New Orleans East. IRG also announced that Phase I of the development was fully leased in Q1 2025 and the construction timeline for Phase II is TBD. Spec developer interest in Orleans and St. Tammany Parishes is increasing as the Port of New Orleans nears the final approvals of the 1,000-acre Louisiana International Terminal (LIT) in St. Bernard Parish. Phase I of the LIT is expected to open Phase I in 2028. Look for DC developers and tenants to target Fremaux Business Park (Slidell), Propel Park, and Gulf South Commerce Park (Covington) to position spec inventory to support the development of future break bulk and distribution facilities.

Rents for Class A warehouse distribution range between \$11 and \$12 /SF and remain strong due to the lack of well-positioned inventory. Rent growth for aged inventory has cooled considerably from its peak of 13.3% in 2022 to 2.7% year-over-year, though this still surpasses the national average of 0.3%. Rents have risen by 21% over the past three years and nearly 87% over the last decade, driven by historically tight supply and steady demand. As the market approaches another period where demolitions are expected to outpace new deliveries, rent growth is projected to pick up again. Average asking rents remain relatively affordable at \$9.58/SF—below the national average.

In port-related news, tariff uncertainties are bound to create a potential disruption in leasing as Switzerland-based Mediterranean Shipping Co. (MSC) announced a temporary suspension of its direct routes between Louisiana and several of Asia's ports. (Source The Times Picayune May 30, 2025). On a positive note, Sunrise Foods International announced the transloading facility at the Port of New Orleans' Alabo Street Wharf. This will be the first dedicated organic port in the United States with an estimated total investment of \$10 Million dollars. (Source: SunriseNola.com)



84.5 M SF
INDUSTRIAL INVENTORY



3.0%
ANNUAL RENT GROWTH



3.1%
VACANCY RATE

INDUSTRIAL MARKET INSIGHT

MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▲ 12 Mo. Net Absorption SF	369,871	228,363	(179,361)	(5,386)	71,108
▼ Vacancy Rate	3.1%	3.2%	3.9%	3.5%	3.2%
— Avg. Asking Rent PSF	\$10.92	\$10.92	\$10.94	\$10.85	\$10.72
— Sale Price PSF	\$69	\$69	\$70	\$71	\$71
▲ Cap Rate	10.2%	10.1%	9.9%	9.6%	9.5%
— Under Construction SF	137K	137K	156K	248K	263K
— Inventory SF	84.5M	84.5M	84.5M	84.3M	84.2M

TOP LEASE TRANSACTIONS BY SF	SUBMARKET	SIZE SF	TENANT
Port NOLA - Uptown Terminal 5200 Coffee Drive, New Orleans	Uptown / Garden District	210,000	The Kearney Companies
Propel Park 13800 Old Gentilly Rd, New Orleans	New Orleans East	250,000	Textron Services & Temco Logistics
149 New Camellia Blvd Covington	Mandeville/ Covington	73,065	Ashley HomeStore Distribution

12-MONTH NET ABSORPTION	SUBMARKET	BUILDING SF	VACANT SF	12-MONTH ABSORPTION SF
600 Elmwood Park Blvd, Elmwood	Elmwood/Harahan	81,502	0	81,502
1400 Destrahan Ave Harahan	Jefferson Parish	70,000	0	70,000
Propel Park - Building 1 13800 Old Gentilly Rd, New Orleans	New Orleans East	259,000	162,488	69,998

TOP SALE TRANSACTIONS BY SF	PARISH	SIZE SF	DATE	PRICE	PSF
1435 Japonica St New Orleans	Orleans	47,953	Feb 2025	\$2,050,000	\$42.75
9298 LA-23 Belle Chasse	Plaquemines	83,728	Mar 2025	\$860,000	\$89.58
2903 Tchoupitoulas St New Orleans	Orleans	5,769	Jan 2025	\$1,470,000	\$254.81

MULTI-FAMILY MARKET INSIGHT

The New Orleans multifamily market in mid-2025 is characterized by steady supply growth, elevated vacancy, and muted rent growth. Vacancy currently sits at 9.1%, slightly above the national average, as new supply continues to deliver faster than units are absorbed. About 1,089 units are under construction, down from a recent local peak of 1,300, with new projects concentrated in Downtown New Orleans, Metairie, and the Westbank. Demand remains strongest in areas with limited new development such as St. Tammany Parish, while older 3-Star and workforce properties have experienced negative absorption in recent quarters.

Rent performance remains mixed, reflecting both affordability and market segmentation. Overall asking rents average \$1,305 per unit, roughly \$400 below the national average, with upscale Downtown units approaching \$2,000 and workforce areas like New Orleans East closer to \$930. Year-over-year rent growth has slowed to 0.3%, with moderate strength in affordable submarkets such as Gentilly and Westbank/Jefferson Parish, while high-end Uptown properties have seen rent declines. Looking forward, the market anticipates a rebound with forecasted rent growth near 2% annually as construction deliveries taper off and demand stabilizes. Recent notable sales include Brookstone Park in Covington, sold for \$38.7 million at a 5.5% cap rate.

Investment activity remains subdued amid high borrowing costs, but private buyers are still active in value-add opportunities. Sales over the past 12 months included 38 trades averaging \$154,000 per unit, with cap rates now in the mid-5% range for newer assets and higher for older stock. Large transactions like the \$145M sale of The Saulet and the \$38.7M sale of Brookstone Park illustrate continued investor interest in well-located properties. Despite headwinds such as population stagnation and slower economic recovery in hospitality and tourism, the region's affordability, cultural appeal, and future supply moderation position the New Orleans multifamily market for gradual improvement.


72,144

MULTI-FAMILY UNITS


0.3%

ANNUAL RENT GROWTH


9.1%

VACANCY RATE

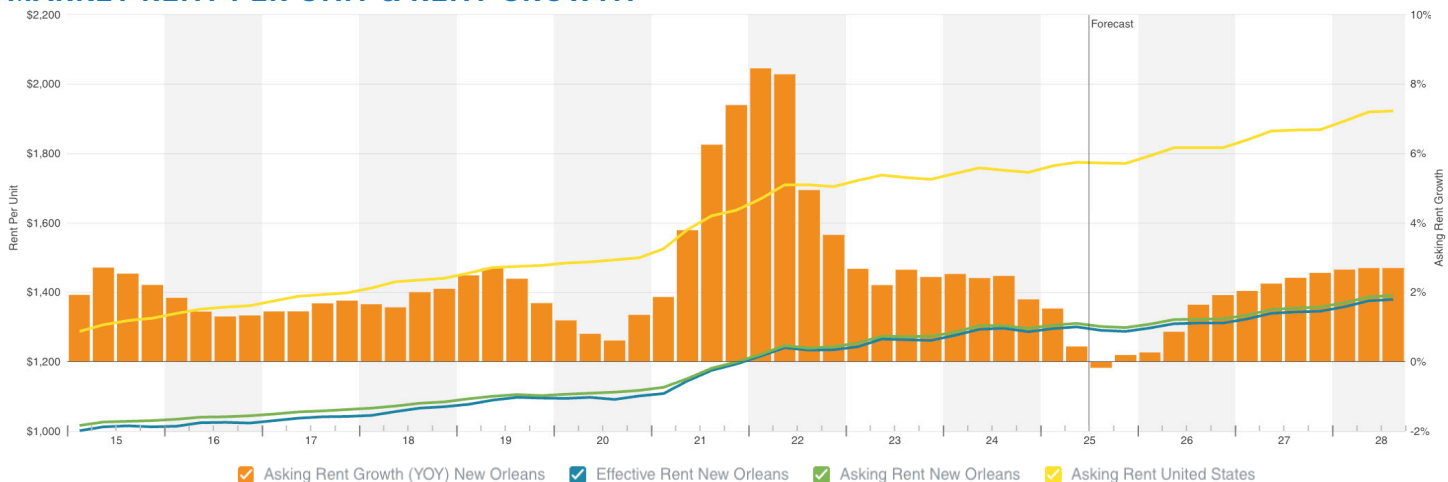
MARKET INDICATORS	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
▼ 12 Mo. Net Absorption SF	(302)	(316)	(203)	12	67
▲ Vacancy Rate	9.1%	8.9%	8.8%	9.0%	8.3%
▲ Avg. Asking Rent Per Unit	\$1,305	\$1,310	\$1,304	\$1,295	\$1,303
▼ Sale Price PSF	\$122K	\$121K	\$121K	\$121K	\$125K
▲ Cap Rate	7.6%	7.6%	7.6%	7.6%	7.5%
— Units Under Construction	1,089	935	1,044	1,044	1,314
— Inventory SF	72,220	72,050	71,941	72,085	71,815

MULTI-FAMILY MARKET INSIGHT

TOP SALE TRANSACTIONS LAST 12 MONTHS	BUILT	UNITS	SALE DATE	PRICE	PER UNIT
The Saulet 1420 Annunciation St, New Orleans	2001	703	May 2025	\$145.3M	\$206,803
Brookstone Park 1842 Ochsner Blvd, Covington	2014	240	Oct 2024	\$38.7M	\$161,250
The Marquis 2651 Poydras St, New Orleans	2009	250	Mar 2025	\$33.2M	\$132,604
Hibernia Tower 812 Gravier St, New Orleans	1921	175	May 2025	\$28M	\$160,000

UNDER CONSTRUCTION	UNITS	STORIES	START	COMPLETE	DEVELOPER / OWNER
The Waters Promenade 1600 Promenade Blvd, Marrero	324	3	July 2025	July 202	The Stoa Group
Charity Hospital Redevelopment 1532 Tulane Ave, New Orleans	300	20	Aug 2024	Aug 2026	The Domain Co. L+M Development
Alluvia 3655 Loyola Dr, Kenner	260	4	Sept 2024	May 2026	1st Lake Properties -
The Jackson 265 Jackson Ave, New Orleans	205	9	Mar 2023	Sept 2025	Kailas Companies

MARKET RENT PER UNIT & RENT GROWTH



HOSPITALITY MARKET INSIGHT

The New Orleans hospitality market wrapped up a mixed 2024 with strong momentum heading into 2025. The early part of last year saw modest demand growth and increased supply, leading to softening occupancy and RevPAR. But a resurgence in travel during Q3 and Q4—driven by Taylor Swift’s Eras Tour and holiday travel—helped lift performance, with RevPAR ending the year up 6.6% year-over-year.

This year has already seen a powerful boost from two iconic events: Mardi Gras and Super Bowl LIX. These celebrations brought record-breaking hotel demand, with Super Bowl weekend alone driving RevPAR up 156% and ADR up 142%. These surges reaffirm the city’s position as a top-tier event destination and underline the importance of large-scale tourism in shaping annual performance. Experts are projecting the good times keep rolling with RevPAR growth of 5.9% and ADR growth of 5.6% by the end 2025.

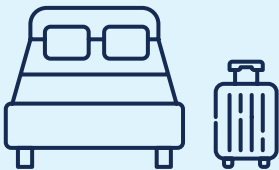
DEVELOPMENT PIPELINE & INVESTMENT TRENDS

As of mid-2025, 766 hotel rooms are actively under construction across the New Orleans metro, with a growing number of projects advancing through the planning phase. Industry momentum is beginning to shift, and many in the market anticipate a new wave of hotel development on the horizon. Key planned projects—such as the conversion of the Whitney Bank Headquarters in the CBD and the 1,000-room Omni Convention Center Hotel—signal confidence in the city’s hospitality future.

However, activity has been concentrated in boutique and lifestyle hotel assets—especially those with strong locations and conversion potential. Investors are seeing opportunity in the city’s cultural depth and tourism resilience.

SUBMARKET SPOTLIGHT: METAIRIE/KENNER AIRPORT

Often overlooked in favor of the downtown market, the Metairie/Kenner Airport Corridor is quietly gaining traction. Select-service and extended-stay hotels in this area are outperforming expectations, with improved weekend occupancy and steady ADR growth. After seeing no new supply in 2024, the submarket is poised for expansion by late 2025 and into 2026, driven by investors looking to capitalize on infrastructure upgrades at MSY, a resurgence in regional sports tournaments, and increased weekend leisure demand.



61.0%

12-MO. OCCUPANCY RATE



\$181.45

AVG. DAILY RATE (ADR)



766 ROOMS

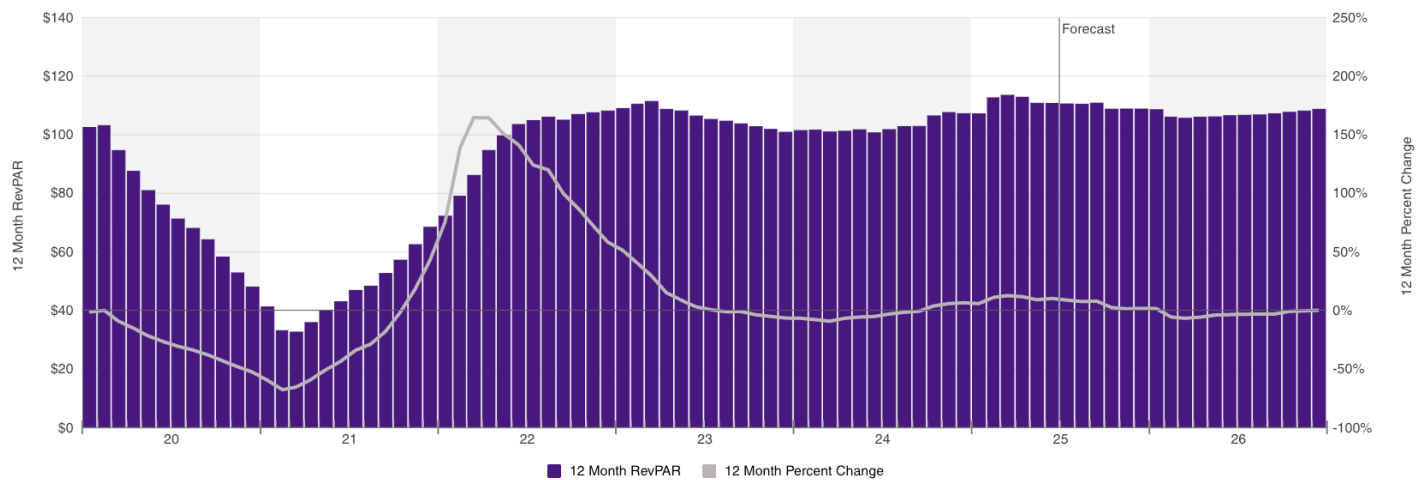
UNDER CONSTRUCTION

SUPPLY & DEMAND	YTD	2024	2023	2022	2021	2020
Available Rooms	6,552,595	15,721,840	15,623,877	15,112,838	14,906,831	14,121,537
▲ Supply % Change	0.9%	0.6%	3.4%	1.4%	5.6%	-8.6%
Occupied Rooms	4,185,975	9,807,938	9,278,168	9,277,201	9,277,201	5,850,810
▼ Demand % Change	-4.2%	5.7%	0%	18.1%	34.3%	-45.0%

HOSPITALITY MARKET INSIGHT

MARKET PERFORMANCE	YTD	2024	2023	2022	2021	2020
▼ Occupancy	63.9%	62.4%	59.4%	61.4%	52.7%	41.4%
▲ ADR (Per Room)	\$204.93	\$171.65	\$169.62	\$175.92	\$129.64	\$115.64
▲ PevPAR (Per Room)	\$130.92	\$107.08	\$100.73	\$107.99	\$68.33	\$47.91

REVPAR



TOP SALE TRANSACTIONS LAST 12 MONTHS	BUILT	ROOMS	SALE DATE	PRICE	PER ROOM
The Ritz-Carlton 921 Canal St, New Orleans	1908	528	May 2025	\$141.6M	\$268,324
Courtyard by Marriott French Quarter 910 Iberville St, New Orleans	2001	230	May 2025	\$53.3M	\$231,849
Hilton New Orleans/St. Charles Ave 333 St. Charles Ave, New Orleans	1926	252	June 2025	\$47M	\$186,508

TOP HOTELS UNDER CONSTRUCTION	UNITS	STORIES	START	COMPLETE	DEVELOPER / OWNER
Fairmont New Orleans 1010 Common St, New Orleans	250	31	Jan 2024	Aug 2025	Fairmont Kailas Companies
Element New Orleans Downtown 221 O'Keefe Ave, New Orleans	216	31	Apr 2024	Nov 2025	element Kailas Companies
Mazant Street Boutique Hotel 600 Mazant St, New Orleans	93	3	Mar 2021	Sept 2025	- Stateside Hospitality

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