

'Paralysis' will keep residential sales tepid

Realtors say persistent economic conditions will hold most buyers in check

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THE NUMBERS SHOW New Orleans area residential real estate companies weathered the recession relatively well in 2009. Business was down, with more stringent mortgage guidelines also a factor, but the local market didn't collapse as it has in areas of the country with staggering foreclosure rates and inflated home values.

Despite the relatively good news, area real estate executives are guarded in their prognosis for 2010. Although sales momentum increased as 2009 came to an end, economic forecasts lead them to expect little to no improvement this year.

"We're in a state of general paralysis," said



From left: Sherry and Gary Northington check out a home for sale in Mandeville last year with Keller Williams Realty agent Kim Higgins.

Marty Mayer, president and CEO of ERA Stirling Properties. The Covington company reported a 2 percent drop in sales volume and a 4 percent decrease in units sold last year.

Mayer said housing sales in the first half of 2009 were caught in an economic quagmire. Market uncertainty began to lift around midyear when consumers developed some confidence in the new Obama administration.

While sales were notably improved over the last six months of the year, Mayer said they fell just short of making up for the woeful start.

All 19 agencies responding to a CityBusiness survey reported fewer units sold compared with 2008 and all but one saw their volume dollar amount take a corresponding dip.

Only Latter & Blum Realtors maintained its sales volume level from 2008, posting a market-best \$1 billion for the second year in a row despite selling nearly 700 fewer homes.

Latter & Blum President Arthur Sterbcow said sales of pricier homes in the Uptown area helped sustain its dollar volume last year.

The overall tone for a stagnant 2009 was set in the fourth quarter of 2008, which Sterbcow described as "abysmal" for his company. It wasn't until the fourth quarter of last year that homebuyers made an appreciable dent on inventory, he said, with many taking advantage of the \$8,000 first-time buyer's federal tax credit.

Although that tax credit has been extended through April 30, owner/broker Tom Giroir isn't anticipating a huge boost in sales for Re/Max Real Estate Partners in Metairie.

"We didn't really pick up any steam (from the tax credit)," he said. "I really feel like the market got a little bored, and I think there's some apathy out there among buyers."

Giroir's company reported a \$44 million

decrease in sales volume and sold 183 fewer units in 2009.

Realtors in the New Orleans area project a slight increase in home values in 2010. On the South Shore, prices will be held in check as Katrina-damaged homes continue to be repaired and return to the market. And with largely first-time homebuyers moving into what tend to be vacant units, there's no displacement driving sales of higher-end homes.

On the North Shore, Mayer said 2010 will be much better than the first half of 2009, "just because the bar was set so low." He predicts it will take two to four years before inflation hits home values, and interest rates for mortgages should remain low until then.

"The luxury market will be the last to improve," Mayer said. "I expect more activity in affordable (housing)."

Sterbcow warned the industry could still face the effects of "hidden foreclosures," or those defaults on consumer loans such as home equity lines of credit that banks do not have to report as problem mortgages.

Still, he and others hold a bullish long-term outlook for the metropolitan area.

"This is a market you can't hold down that long," Sterbcow said. "You can only pen up that demand for so long."•

Market Research Jennifer Nall contributed to this story.

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TOM GIROIR
owner/broker
Re/Max Real Estate Partners

Sizing up home sales

The top five New Orleans-area residential real estate companies, based on dollar volume and units sold, saw their sales stay flat or decline last year compared with 2008. Dollar amounts are in millions unless otherwise noted.

Company	2009		2008		Percent change	
	Volume	Units	Volume	Units	Volume	Units
Latter & Blum	\$1 billion	5,551	\$1 billion	6,248	0	(11.1)
Prudential Gardner	\$929	6,587	\$1 billion	7,031	(7.1)	(6.3)
ERA Stirling Properties	\$374	1,602	\$382	1,667	(2.1)	(3.9)
Re/Max Real Estate Partners	\$257	1,531	\$301	1,714	(14.6)	(10.7)
Coldwell Banker TEC	\$219	1,604	\$248	1,600	(11.7)	0.25

Source: CityBusiness staff research. (decrease)