New Orleans CityBusiness

# Real estate market stabilizes after storm

**by Ariella Cohen**

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Revenues slipped at New Orleans real estate companies last year as the post-Hurricane Katrina housing spike flattened and home inventories grew.

"2007 was a rebound year from a very unnatural post-Katrina boom," said Marty Mayer, president and CEO of Stirling Properties in Covington.

Stirling revenues fell 11.7 percent last year to $25 million from $28.3 million in 2006.

Other companies also reflected the national softening of the real estate market as well as the normalization of a market inflated by the housing crisis after the 2005 storms.

"We are back at the levels we were at in 2003 with a population that is smaller by 200,000 people. It is a relatively normal real estate market with a smaller population," said Arthur Sterbcow, president of New Orleans-based Latter & Blum Cos., where cash intake fell 20 percent to $61 million from $76 million the year before.

Sterbcow expects the market to stabilize this year albeit not at the booming levels of 2006.

"We are stable at the bottom," he said. "(The region) has reached the equilibrium point and now (it) is blessed with a huge amount of reconstruction money that is bringing more people, more jobs and more homebuyers to the market."

Sterbcow and others see a silver lining in amid the cloud of lower revenues: it could be much, much worse.

"We are not having the (mortgage) crisis that other cities around the country are experiencing," he said, referring to Louisiana's relatively low foreclosure rate at a time when banks are repossessing thousands of homes.

Favrot & Shane First Lake Properties, which reported a 3.4 percent gain from $86 million in 2006 to $89 million in revenues, bucked the retrenching trend.

Cautious optimism reigns even among those whose revenues sank last year.

"I think it will be a better year in terms of bottom-line numbers, but it will still be couched in the dampening of the national market," said Mayer.

Revenue for New Orleans-based HRI Properties, which develops apartments and other housing, dropped 11 percent to $15 million from $17 million.

HRI President Tom Leonhard said the shrinking revenue numbers mask true growth.

"We sold a hotel for $6 million in 2006," said Leonhard. "Excluding the sale, the revenue would've jumped $5 million in 2007."

HRI closed on $200 million in of real estate projects in 2007 including a $69.2-million mixed-use development at its River Garden development in the Lower Garden District, several apartment projects