



Objets Trouve owner Linda Friedlande has put out a "Store Closing" sign outside the antique shop as foot traffic has slowed to a trickle during the past several months.

EMPTY MAGAZINE

Proprietors along Uptown's commercial corridor report lean times

By **Emilie Bahr**

Staff Writer
emilie.bahr@nopg.com

LINDA FRIEDLANDER has watched with dismay the changes that have taken place in the 3900 block of Magazine Street over the past year.

The bagel store across the street from her business closed months ago; its former space still sits vacant with a "price reduced" sign out front. A few doors down, the art gallery that opened in the fall has already

folded, matching the fate of neighboring clothing, antique and gift shops.

And now, after nine years in business, Friedlander, 44, is considering throwing in the towel. Following her worst holiday season ever, she recently — and with much reluctance — propped a "store closing" sign outside her antiques store, Objets Trouvé.

For Friedlander, business has been slow since Hurricane Katrina, which caused a drop-off in tourist traffic that made it difficult to sell big-ticket antiques even as many of the eclectic boutiques,

cafés and galleries in operation along Magazine Street appeared to thrive.

Today, she said, the toll exacted by the recession is making it next to impossible to hang on.

"I would have days in November and December where no one walked in the store and that has never occurred before," said Friedlander, who hasn't collected a salary from her store in more than a year and cut her part-time employees'

See **MAGAZINE**, page 8

Interim IG: Office will be up to speed by summer

Panel to find permanent IG 'not going to rush' decision

By **Jaime Guillet**

Staff Writer
jaime.guillet@nopg.com

THE NASCENT NEW ORLEANS Office of Inspector General should be 100 percent functional by June, said interim IG Leonard Odom, ending an 18-month period of getting fully up and running.

By no later than the start of summer, Odom said he expects to have the OIG fully staffed, have all computers and networks set up, in addition to the OIG Web site, and to have an independent police monitor and two deputies in place.

The OIG currently has a staff of 25, including auditors, investigators and certified fraud examiners. Odom expects the office will have all 37 of its positions filled by June.

The City Council was expected to vote last Thursday to approve the independent police monitor and deputy positions. The Civil Service Commission already has approved the qualifications.



Leonard Odom
interim
inspector general

Candidate selection for the full time IG position is ongoing, said the Rev. Kevin Wildes, president of Loyola University and chairman of the Ethics Review Board, which hired Cerasoli and is responsible for finding his replacement.

"We've been advertising (the position) and at the end of this month we'll assess the pool," Wildes said. "I feel confident with Len (Odom's) leadership ... so I'm not going to rush for the sake of rushing."

Wildes said the best-case scenario is finding the right candidate during a review at the end of this month and having the position filled by April or May. Wildes expects to have a permanent inspector general by the end of this year.

Until then, the OIG continues to plug away at multiple ongoing audits and investigations. On March 31, Odom will issue an assessment of the OIG in its 2008 annual report.

Odom said he will primarily follow the project schedule set earlier this year, although "if something comes up we can make adjustments," he said.

His priority of inquiries, many of which are in progress, include reviewing the vehicle fleet management systems of the New Orleans Police Department, the New Orleans Aviation Board, the Orleans Parish civil and criminal sheriff offices, and the Sewerage and Water Board.

Odom is also conducting a compliance review of the city's major sanitation contracts and evaluating the expense reporting process of the New Orleans Finance Department.

Other items under OIG review are the city's budget process, professional services contracts, and road and street asset management. •

Foreclosures grow locally, impact minor

Real estate agents tracking whether home seizures will decrease property values

By **Stephen Maloney**

Staff Writer
stephen.maloney@nopg.com

IN THE NUMBERS game of foreclosures, Louisiana has been bucking the trends in some areas and leading the nation in others.

As the statewide number rose 40 percent from 485 in January to 678 in February, fore-

losures nationwide rose only 6 percent from 273,193 to 290,631, according to Irvine, Calif.-based RealtyTrac.

But while Louisiana far outpaced the nation during that time, local experts agree foreclosures are making limited waves in the comparatively healthy New Orleans real estate market.

"In the marketplace we're in, foreclosures are an issue," said Ross Miller, president of Metairie-based Miller Home Mortgage. "We are doing more purchases in which the house being bought is a foreclosure. That is up probably 10 percent. Where we would maybe do one every six months, now we're doing one a month."

Any increase in the number of foreclosed properties can spark a chain of events leading to lower property values, Miller said.

Owners trying to unload a home to avoid foreclosure are left with rapidly diminishing options if prospective buyers lower their offers before foreclosure proceedings begin, which Miller said can reduce the final sale price. Since appraisers and assessors use a comparison of the sales prices of similar properties to determine the value of homes in a given area, those artificially reduced sales prices can have an extended effect.

"When you are trying to appraise a current

See **FORECLOSURES**, page 9

Vacancies grow harder to fill

MAGAZINE

continued from page 7

hours this fall, a time when typically they would have been expanded.

"It's just incredibly depressing," she said. "Magazine Street is truly a gem of a street and we have really wonderful, unique micro enterprises that are basically locally owned. And we really are, I think, in danger of losing them."

It's a sentiment shared by a number of retailers up and down Magazine Street, some of whom describe the current retail environment as the toughest they have experienced. More than two-dozen commercial spaces are now vacant. Storefronts advertising deep sales suggest others are about to be.

Immunity lacking

This year's Magazine Street Merchants Association's annual shopping guide included 13 fewer outlets this year than in 2008.

"I've been on the board since '95, and I'd say this is the first time that I can recall that we didn't actually grow," said association president Greg Dombourian, who said the final tally of 156 member businesses was nothing to scoff at, all things considered.

Clothier Perlis Inc. is among those feeling the effects of the recession. Vice President David Perlis said his business, which includes the original Magazine Street store and two others in the metro region, is operating roughly at the level it did in 2004 — not terrible, given the year before

Katrina was the company's best until a post-storm shopping surge shattered previous records.

Despite relatively strong sales, however, Perlis said he's been confronted with some tough choices lately.

"The world is more expensive than it was in 2004," he said, listing his higher insurance and utility costs. Still, he figures his business is better able than many to withstand the downturn. He worries about some of the smaller retailers along Magazine Street that may be ill suited to weather a long-term sales slump.

"It makes me sad," Perlis said, "to drive down Magazine Street and see the empty storefronts."

The vacancies left by closures these days are proving harder to fill even as rental rates are dropping, said **Barrett Cooper, a commercial real estate specialist with Stirling Properties.** Average asking rates for commercial space have fallen by as much as \$10 per square foot from the prices commanded in 2006 and early 2007.

"Back post-Katrina, we were seeing leases signed at \$25 and \$30 a square foot on Magazine Street, but business was being done and nobody was complaining," said Cooper, who pinned average rental rates near \$20 to \$25 per square foot. "In today's market," he said, "most prices are negotiable. When you get an offer the first time, it's most likely not at asking price."

Mix of uncertainty, optimism

Dombourian, who owns Dombourian Oriental Rugs, concedes a level of nervousness among Magazine Street merchants.

"We watch the TV, too," he said, "and

every day people keep going on about the worst economy in 50 years."

But, he added, compared with the state of the national retail industry, many operating along Magazine are doing well. Dombourian also finds optimism in the fact that some vacated properties have been quickly filled by new businesses.

Mike Federer opened his bicycle sales, repair and rental business, Mike the Bike Guy, in August in a tiny space near Napoleon Avenue. The 20-year bike mechanic grew up in Uptown and describes it as a "dream come true" to operate a store on Magazine Street. Business, he said, couldn't be better, so much so he's considering upgrading to a larger space.

Amanda Frank and Vic Loisel, co-owners of retro furniture and accessories store Neophobia, are weighing the opposite approach. Theirs was among the Magazine Street businesses to benefit from a post-Katrina boom. Now, they are considering downsizing from their 4,000-square-foot showroom.

"Every month it gets a little worse," Frank said, adding that February was Neophobia's worst month ever. "We're digging into our savings and hoping things are gonna turn around."

In the meantime, the store is offering discounts and striking deals to move inventory and accommodate customers' tighter budgets.

"I think the boost after Katrina was due in part to the local community rallying around local



Linda Friedlander reviews invoices for her antiques store Objets Trouve.

businesses," Loisel said. "That's all been forgotten now, and we need it more now than we did then."

Despite the closing sign posted outside her store, Friedlander said she's given second thought to shutting down. Since she introduced steep inventory markdowns, sales have spiked. She is now thinking of reorganizing her business and relocating to a smaller space along Magazine Street.

Without her store, after all, she's not sure what she'd do for a living. Before she opened her business, she worked for 15 years in an industry that has come to be synonymous with the nation's economic woes: real estate. •

UNO/Latter & Blum Economic Outlook & Real Estate Forecast Seminar

The Opportunities and Challenges Ahead

Thursday, April 2, 2009
8:00AM - 12:30PM
Marriot New Orleans at
The Convention Center

Register Online: www.UNObusiness.com
For Questions, call Rebecca Keller (504) 280-6955



THE UNIVERSITY of
NEW ORLEANS
COLLEGE OF BUSINESS ADMINISTRATION

LATTER
& BLUM
INC/REALTORS
Since 1916

WE HAVE WHAT YOU NEED FOR YOUR DANCE RECITAL!

Shop Early!

Garment Bags, Cover-Ups & Great Gift Items Are Here!

6601 Veterans Blvd. • Metairie, LA • 504.887-5787

Built to Build Your Business

Every business day, *The Daily Journal of Commerce* provides builders with essential business-building news and information. We alert contractors, architects, engineers, suppliers and other service providers to bidding opportunities in Louisiana and the Gulf Coast.

Our advertising programs provide unique and effective exposure by targeting a 100% paid subscriber list.

Call Monique Brignac 504-293-9724

111 Veterans Blvd. • Suite 1440 • Metairie, LA 70005 • Fax (504) 293-9720