

## Housing market indicates overall renewal for St. Tammany economy

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Signs are almost uniformly positive for the St. Tammany Parish economy, according to year-over-year data the St. Tammany Economic Development Foundation has compiled.

Perhaps most important is the warming housing market after two years of little activity. Average sales prices are down, but the number of existing home sales increased 17.2 percent. Single-family building permits rose 5.7 percent, a modest gain attributed to a 27.5 percent spike in March compared with the same month last year.

**Townsend Underhill, Stirling Properties** vice president, attributes the rebound in part to gradual absorption of overbuilt housing stock built after Hurricane Katrina. Additionally, he said, St. Tammany is beginning to experience a natural market correction, with new developers taking over ill-conceived projects and re-envisioning them.

Underhill cited the Maison du Lac subdivision, originally planned for homeowners age 55 and older. The previous developer, LM Land, built only two model homes, and Wainer Brothers acquired the subdivision in April. The new owners lifted the age restriction and opted not to pursue a condominium portion of the development, partner Bruce Wainer said.

"I believe the 55 and older pool, with the downturn in the economy, lost equity in their homes, equity in their portfolios, and we just felt the pool we had to draw from was greatly reduced," Wainer said.

Wainer said he hopes to begin building 200 single-family residences and 75 garden homes over the next two months as he secures commitments from buyers.

Underhill said St. Tammany is home to "dozens" of such examples where developers are taking new approaches. The bottomed-out housing market actually bolstered prospects at a high-end, multifamily rental complex on Stirling's River Chase mixed-use development that Favrot & Shane plans to complete by the end of the year, Underhill said.

Plans for that complex, known as Brewster Commons at River Chase, were devised in 2007 before the economy crashed, but such residences have always been in short supply in St. Tammany, Underhill said. He believes the complex is even more desirable in current



Residential buildings permits in St. Tammany Parish are on the rise, including the Brewster Commons apartments going up at the River Chase mixed-use development in Covington on Interstate 12. (photo by Frank Aymami)

conditions.

"What's happened in the housing market is exactly the reason that project is viable," Underhill said. "These are the exact kind of options that people are needing in this market. Five years ago, they would have gone out and put 5 percent down or 3 percent down and bought a house. Today, they can't get a mortgage. People have to live somewhere."

Builders may have overestimated St. Tammany's post-Katrina housing demand, but Underhill said he expects no abatement in the parish's growth, especially with major corporations such as Chevron continuing to expand. Chevron has already outgrown the 300,000-square-foot building it moved into in the Northpark office park in 2008.

Underhill said Stirling is leasing an additional 40,000 square feet in two buildings to Chevron, and the company is looking for more space over the next 12 to 18 months.

Businesses also are starting up and expanding throughout the parish. The 447 new businesses issued permits in the first quarter of this year is a 17.9 percent increase over the same period last year, according to STEDF. The foundation's executive director, Brenda Reine Bertus, said her staff has worked on five business expansions since September, creating 30 new jobs and totaling \$18.7 million in investment.

The growth belies what remains St. Tammany's largest economic question mark: employment. The parish's 6.6 percent unemployment rate is almost a full percentage point higher than it was one year ago, although it remains significantly below state and national rates. Unemployment claims, meanwhile, were up 17.9 percent over last year.

Bertus said she's confident the unemployment rate will not balloon further and noted gains in retail sales and hotel receipts.

"When you see new retailers move into a market and you see new hotels being built, these guys are really pros and they have done all their market analysis," Bertus said.

Large-scale retail depends on the national economy, and improvement on that front broke the gridlock for the Colonial Pinnacle Nord Du Lac shopping center, said Colonial Properties Vice President Ken Marshall. Olive Garden and Cracker Barrel joined Texas Roadhouse at Nord Du Lac in May, and the three restaurants are doing "phenomenal," Marshall said.

Marshall predicted more restaurants will open at the site and that subsequent phases will include specialty retail.

"It's the growth potential that I think a lot of these retailers see in St. Tammany," Marshall said, "not just in residential growth but in the commercial core."

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