

# News Clips Report

## **Nucor Corp. builds housing hopes in New Orleans-region River Parishes New Orleans City Business**

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About 30 years ago, a steel company moved to St. John Parish, and as a result the River Parishes were able to swim against the current of the New Orleans region's struggling economy.

"When they built Bayou Steel in the early '80s, we got a pretty good push off that," said Randy Noel, owner of Reve homebuilders. "That was right in the middle of the worst possible recession for the New Orleans market."

Noel and others involved with the real estate market think Nucor Corp.'s planned steel plant in St. James Parish could have the same effect on the housing market, albeit gradual.

The nation's largest steelmaker decided to build in Convent after gradually buying about 4,000 acres of land and negotiating tax incentives with the state. The company still has to go through an environmental permit process, so it's unclear when construction will actually start.

Nucor officials said construction could add 500 construction jobs, and its full five-phase plan could lead to 1,250 permanent jobs at the steel mill.

Hopes are that those work force additions will lead to more activity in St. Charles, St. James and St. John parishes, where prices have steadily rebounded after hitting a five-year low in March of \$137,485.

By August, the average selling price in the area was \$194,472, up from \$189,336 in July and \$166,964 in August 2009.

**Nita Naquin of Stirling Properties** said she thinks home prices in the area have leveled off.

"I think we're probably where we should be if we go back to 2004," she said. Yet, at the same time, she said the area is seeing "more foreclosures than ever," and a lot of would-be homebuyers are leasing instead.

"Probably 30 percent of my phone calls now are about leases instead of buying," Naquin said.

The most recent figures from Irvine, Calif.-based RealtyTrac shows there were four homes in some stage of foreclosure in St. John Parish in August, down from six in July. There were no filings in August 2009.

In the same month, there were nine foreclosure filings in St. Charles Parish, up from six in July and from two filed a year ago.

Naquin said it's too early to say how big of an impact Nucor moving to the area will have on the residential real estate market. She said she suspects most of the hires the plant makes will be local and won't attract new arrivals to the area.

From a builder's perspective, the market for homes priced more than \$300,000 is "pretty slow" in St. Charles, Noel said. In St. John Parish, where homes are typically priced at \$200,000 and higher, it's "a little slow," he said.

"We were doing nice steady business, then Katrina hit," Noel said. "Then for 18 months, we were going as hard as you could go," he said. "In the 19th month, it just stopped. We overbuilt the market because everybody got anxious."

Noel said his company went from building about 40 homes a year before Katrina to 20 annually after the storm. Business just started picking up again in January, he said.

"We're getting about to where we were before Katrina," he said. "Nucor will help but it'll be a little while. St. James traditionally had a big unemployment rate, so anything you stick in St. James is going to help."

The unemployment rate for St. James Parish was 12.3 percent in July, compared with the state average of 7.2 percent, according to the U.S. Bureau of Labor Statistics. The rate was 7.3 percent in St. Charles and 10.3 percent in St. John

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during the same month.

Reve is on pace to build up to 30 homes this year at an average price of about \$200,000, Noel said.

Even though home prices have been climbing, transaction counts have slowed significantly, said Jeff Melancon of Re/Max Real Estate Partners.

From the Nucor development, Melancon said he hopes for a positive ripple effect, beginning with construction workers filling rental properties, followed by moves into the single-family home market and then increased commercial development.

"It's not just a hard numbers issue," he said. "That's a positive development for the real estate market just from a psychological standpoint."

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