

# Local housing market is rebounding

by Polly H. Greene

The state of Louisiana, and particularly St. Tammany Parish, has fared better than the rest of the country in these tough economic times, economic officials say. While construction of new single-family homes in St. Tammany declined significantly from 2008 to 2009 – by about 41.4 percent – it's increased by 9.8 percent from 2009 to 2010.

"So the trend is going in the right direction," Marty Mayer, president and CEO of Stirling Properties, told a group of political leaders, contractors and real estate brokers in attendance at a seminar on the "State of the Local Housing Market," which was sponsored by the Sales and Marketing Council of the St. Tammany Home Builders Association.

Mayer, along with Mark Singletary, publisher of *New Orleans City Business*, James Hartman, communications director for the St. Tammany Economic Development Foundation, and Elliot Eisenberg, Ph.D., economist with the National Home Builders Association, was a featured speaker at the program, which was held Nov. 9 at the Greater Covington Center.

Several factors impact the local residential real estate market, Mayer said. On the national level there is low consumer confidence, and the fear factor of job loss and income,

especially retirement security. And, for the first time in this country, there's a political fear factor, he said. People are starting to ask, "What is the government going to do to us?" Then there are the real estate woes – the financing and appraisal issues and foreclosures and short sales factors.

"But the good news is our state has fared better than most in these areas," he said.

Local negating factors include supply and demand, which has been out of balance since 2007, Mayer said.

The north shore market was inflated by a rapid influx of population and an insurance-fueled spending frenzy after Hurricane Katrina, when victims of the 2005 storm replaced or repaired their homes.

"Since the post-Katrina feeding frenzy our supply has outpaced the demand, but that too is getting better," he said.

The once 21-month supply of new houses is down to approximately 13 months, land sales are picking up and commercial building activity is evident, with the opening of Colonial Pinnacle Shopping Center near Covington on the north side of Interstate 12 at Louisiana 21; the expansion of River Chase on the south side of I-12; and expansions at St. Tammany Parish Hospital and renovation of the Hammond Square Mall, Mayer said.

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Another negating factor is the deep water drilling moratorium that was put in place after the BP oil spill last spring. While the ban has been lifted, the number of deep and shallow water drilling permits have slowed, so there's a lack of activity.

"People in the energy sector are still nervous about the future," he said. "We have a great number of companies in the energy sector business that are based on the north shore. Then there are the massive state budget cuts that will have a trickle down effect on us all."

But there are positives, Mayer stressed.

Nationally, the recession is formally over, though the job recovery pace is slower than anticipated. The nation is also seeing a "high affordability" in home prices and interest rates.

"While more affordable housing is good news for the buyer, that's not the case for the sellers and the builders," he said.

There are some economic development wins forthcoming, Mayer said speaking as former chairman of GNO, Inc., a regional development agency serving the 10-parish Greater New

Orleans region.

GNO, Inc., has 60 to 70 projects, or companies, currently in the pipeline that are looking to relocate to the area, Mayer said. Even if these companies don't locate in St. Tammany Parish, their employees will likely live here. Singletary agreed.

As a New Orleans resident and businessman, Singletary said he sees the parish's assets.

The national unemployment rate is 9.6 percent, but the unemployment rate in St. Tammany is 5.9 percent "almost half of what the nation is showing," he said. Jefferson Parish is at 7 percent, Orleans Parish is at 10.4 percent and the Louisiana average is 7.8 percent.

"What does this show? It shows that the economy is engaged and growing," he said.

However, at the same time, St. Tammany has the highest foreclosure rate in the state, so "it's a push-pull on the local economy."

One in every 118 homes in St. Tammany is projected to go into foreclosure this year. However, in New Orleans, the number is one in every 158 homes, he said, and in Baton Rouge, one in

every 402 homes.

But the area is faring much better than Las Vegas where one in every 12 homes is projected to go into foreclosure.

Despite its foreclosure rate, Singletary stressed that St. Tammany is the most normal looking parish in the region. "You have decent roads, low unemployment, suburban retail establishments and an adequate to excellent public school system that makes the parish stand out," He said. "As far as economic development and retention, these are tremendous assets."

Singletary, the current chairman of GNO, Inc., said New Orleans has recommitted itself to driving its own economic development. City officials are looking to tap into the creative industry – including movie making, music and video gaming.

As these young creative entrepreneurs come to New Orleans "the hip place to be," they will age, grow their own families and will seek a more traditionally suburban place to live and send their kids to good schools, Singletary said. And, that place will likely be St. Tammany Parish.

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