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New Orleans tops national housing list

Posted by [Kate Moran](#), The Times-Picayune June 13, 2008 4:49PM

It stuck out almost in neon, jarring, perplexing, maybe a little ironic -- New Orleans, atop a list of the nation's strongest real estate markets?

In its June issue, [Money magazine predicted](#) that New Orleans would outshine all but five other major metro areas in the price gains homeowners could expect to record over the coming year. Baton Rouge trailed closely behind, coming in at No. 9.

New Orleans appeared in the estimable company of places like Scranton, Penn., Buffalo, N.Y., and McAllen, Texas, all of which posted meager price increases last year while markets in many parts of the country buckled after years of nearly perpendicular appreciation.

The magazine's Top 10 list seemed, in other words, to reflect the dramatic declines in places like California, Florida and Nevada more than any sudden runup in home prices here. New Orleans made the cut with a gain of only 1 percent in 2007 and a predicted gain of 2.2 percent in the year ahead.

"These would not even show up in the top 50 if it wasn't for how bad everything else is around the country," said Ivan Miestchovich, director of the Real Estate Market Data Center at the University of New Orleans. "It's a strange list because of strange circumstances in the markets nationwide."

Still, we'll take what we can get.

Real estate agents have seized on the Money survey as evidence that the local market remains strong despite the drumbeat of grim housing news in the national media. Agents often say that housing is as local as the weather, and the temperature of the market in New Paltz or New Haven says little about what's happening in New Orleans.

"It's a terrible misconception we're fighting right now," said Michael Indest, president of the New Orleans Metropolitan Association of Realtors. "It makes people leery of jumping into the real estate market."

Foreclosure rates in Louisiana are among the lowest of any state, partly because lenders showed patience with storm victims whose mortgage payments were delinquent, partly because because insurance proceeds kept others from falling behind. Home prices have also remained stable. They never rose to the heights they did in Florida and California -- rickety Jenga towers built on speculation and easy credit -- but neither did they come crashing down.

The Money article gauged the buoyancy of home prices, not the volume of home sales, and it therefore says little about how easy or difficult it will be to sell a home in New Orleans in the next few months. Real estate agents still have a large inventory of homes on their hands, though the number of owners looking to unload property has started to drop, especially in New Orleans proper.

That could be a sign that the market has strengthened -- or that some owners have simply pulled their for-sale signs, discouraged that buyers expect them to compromise on price because real estate nationwide has slumped.

"We're among the fastest growing in terms of appreciation of price," said Mark

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Rodi, broker-owner of RE/MAX Affiliates in Metairie. "That does not mean we necessarily have the numbers of replacement buyers."

Rodi and other agents said the New Orleans market has profited from the tide of rebuilding incentives, including Gulf Opportunity Zone bonds, that have poured into the state since Katrina. High oil and gas prices have lifted real estate prices across the state. Indest noted that the storm also pushed up home values by forcing owners to upgrade aging interiors that were destroyed in the floods.

Wade Ragas, a retired UNO professor who now runs a real estate consulting firm, was skeptical of Money magazine's prediction that home prices in greater New Orleans would rise this year. Recent figures show prices have in fact declined 1 to 3 percent in the first half of the year as the region begins to feel the aftershocks of the national slowdown.

Even if the magazine's forecast turns out to be correct, Darryl Glade, a broker who writes a [blog about New Orleans real estate](#), said that 2.2 percent growth does not exactly equal a boom.

Nonetheless, he said, "It shows that New Orleans remains insulated a certain amount from national pressures. We're primed when the market turns around for some good growth."

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