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## Mayor: Baton Rouge real estate remains healthy

Still, housing sales volume looks a lot like it did back in 2002

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By Halloween, sales of Baton Rouge-area homes had climbed to 6,413 and produced \$1.29 billion in income — impressive numbers in a vacuum.

Yet 2008 has begun to look a bit scary for local real estate. The last time home sales were this low 10 months into the year came in 2002, a post-recession year.

In 2006, the year after Hurricane Katrina, Baton Rouge produced \$470 million more in sales volume and 3,000 more houses sold by Halloween than it has in 2008.

Baton Rouge real estate leaders say a variety of influences — a settling back down of the market after Hurricane Katrina, a further dampening of the market by Hurricane Gustav in September, and fear from a national real estate slump and recession — have conspired to make too many people sit on the sidelines.

That shouldn't be so, Mayor-President Kip Holden said Monday at a news conference scheduled to buck up confidence in Baton Rouge real estate. A button he and others wore read: "We believe in Baton Rouge! What Mortgage Crisis?"

"We cannot sit idly by and allow the citizens in our community to have a false view of our local economy," Holden said. "The only thing that's stopping our local economy now is fear."

A series of real estate professionals, Metro Councilman Mike Walker and Adam Knapp, the Baton Rouge Area Chamber chief executive officer, delivered messages that bulwarked a similar theme: Baton Rouge is better off than most of the U.S.

"Yes, we have suffered from the downturn in the economy, but far less than has been seen in other states," said Jane St. Amant of the Women's Council of Realtors.

St. Amant bluntly put the market in perspective. In 1986, she sold two houses. In 2008, she's sold three dozen so far — and not because her sales skills alone have skyrocketed in the past two decades.

The oil bust and savings-and-loan crisis of the mid-1980s led to interest rates of 17 percent and 18 percent, she said. Realtors prayed for 11 percent.

Mortgages can be had today at half that once-longed-for rate, said Mike Anderson of the Louisiana Mortgage Lenders Association. FHA, or Federal Housing Administration loans, are available at 5.5 percent, with a 3 percent down payment and a credit score of at least 580, considered well below average.

“The whole mortgage crisis was created by five or six states,” Anderson said. “There is no mortgage crisis in the state of Louisiana, especially East Baton Rouge.”

Housing inventory in greater Baton Rouge — a measure of how long clearing the current supply of houses might take — swelled to more than a year's volume in September because Hurricane Gustav damage shut the real estate business down for much of the month.

The inventory dropped to about nine months' worth in October, and Linda Fredericks of Re/Max First, who's also president of the Greater Baton Rouge Association of Realtors, said the supply is moving to a healthy level of seven months.

Most important to a healthy real estate market, she said, home values continue to appreciate, with the average price of homes sold rising to \$201,000 so far in 2008, up 2 percent from \$197,000 the year before.

Still, the average house price — as the Baton Rouge association reports it — can be a less meaningful gauge than the median house price. Sales of high-priced homes, likely less affected by the economy than sales of middle-income houses, can skew sales numbers disproportionately.

The median house price represents the sale right in the middle of all other sales, with half of sales falling higher and half of sales falling lower. For the three months ended in September, the National Association of Realtors reported the median price for existing houses in Baton Rouge as \$170,900 — and that figure was down 3.3 percent from a year ago.

The Greater Baton Rouge Association of Realtors covers eight parishes and the three largest ones all recorded dips in sales in October, compared to a year ago. In East Baton Rouge, sales fell 26 percent; in Ascension, sales fell 23 percent; in Livingston, the decline was 33 percent.

The remaining five parishes fell a combined 45 percent in a month that saw blisteringly bad news on Wall Street, while the credit crisis scared investors and federal leaders debated details of a \$700 billion bailout package.

Knapp said the Baton Rouge region is up 3,000 jobs this year, another positive counterpoint to national job losses.

“We are holding our own while the rest of the country is in decline,” he said.

A more current reading on the job market will come today, with the release of the October jobs report by the Louisiana Workforce Commission.

Fredericks attributed the local slowdown to a fear factor inflamed by too much negative national news.

“If you're watching the national news, you wouldn't believe you could get a home (mortgage) in Baton Rouge, but you can,” she said.

Later Monday, Stewart Guidry of C.J. Brown Realtors stepped away from his phone duty after fielding seven appointment calls in 90 minutes from people seeking to list or buy a house.

Things are returning to normal, he said, after an early autumn hammered by Gustav and mortgage meltdown talk.

The LSU-area market remains as strong as ever, Guidry said, and the Garden District, Capital Heights and other neighborhoods continue to be popular.

What may still lurk is a tendency for some sellers to believe the 15 percent bump up in prices seen immediately after Hurricane Katrina has continued to appreciate at the same rate since then, he said.

“A lot of them still have that mind-set,” Guidry said. “Some people are still thinking their homes are worth more than they actually are. But if your home is in good condition, well-maintained and priced right, it’s going to sell.”

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