

**SINGLE-FAMILY HOUSING PRICE TRENDS
NEW ORLEANS METRO AREA
JANUARY 2013 TO JANUARY 2014**

Properties Surveyed

Housing sales are grouped by five digit zip code. These are sales with a Realtor providing sales services and not owner sold properties. Generally, no more than two units compose the property sold. These are all residential housing units without commercial portions or a commercial first floor for the property. The reported information is the address, date of sale, five digit zip code, living area, price paid, climate controlled living area and overall condition of the property. The sales data is as reported by the Realtor with the listing which is not further verified in this analysis. Living areas are approximate and the condition of the property is based on the judgment of the Realtor.

The zip code level average sales prices living area, sales price per foot of living area and number of houses sold are as of the end of June 2014 when this data was retrieved from the Gulf South Real Estate Information Network (GSREIN). I have no right to distribute data from GSREIN except with their permission. I am allowed to aggregate the housing sales for specific time periods, half years or whole years, into average price and average price per foot of living area for entire zip code areas. More detailed analyses can only be provided by written permission of GSREIN and the New Orleans Metropolitan Association of Realtors.

Due to the extensive damage caused by Hurricane Katrina in 2005 geographies with large standing stocks of not renovated, damaged houses were broken into two categories. Average to excellent condition or new houses were separately analyzed as being indicative of typical house price levels which could be compared to prior years of typical housing in that geography. Houses in zip code areas with substantial flood-caused housing damage described as being in Fair or Poor condition were separately analyzed. Usually these houses sold for prices far below the average price of houses which had been renovated or which were not substantially flood damaged. No field inspection effort to verify the condition of these houses occurs by this analyst before including them in the Damaged or To-Be-Renovated category. The Realtor condition and geographic location are the basis of the categorization. Similar standards for categorizing damaged or non-renovated housing are applied in St. Bernard, Orleans and St. John Parishes (Isaac impacts).

Price appreciation is measured by the change in sales price per foot of living area from one time period to the next. House sizes sold vary substantially between zip codes and also within the same zip code over time. The average sales price per foot of living area removes shifts of house prices due to simple changes in sample composition to substantial shifts in housing living area from one period to the next.

The author is Wade R. Ragas, PhD, MAI SRA, who tabulates the data owned by and allowed to be used in this publication by the Gulf South Real Estate Information Network.

METROPOLITAN NEW ORLEANS HOUSING PRICES

Average or better condition houses rose 2% in the first half of 2014 as compared to the year 2013 (\$110 rose to \$112 per foot). The average house sold for \$222,951. There were 5,660 housing sales in six months which was similar to the 2013 pace.

Orleans Parish

City of New Orleans average prices rose 1% to a \$155 per foot average price or \$319,531. Housing in fair to poor condition needing to be renovated soared in price to \$47 per square foot from \$34 per square foot – a 47% increase. Also housing sales for these to-be-renovated properties jumped to 235 in just six months as compared to 431 for all of 2013. The high prices of good condition housing are making the costs of renovations financially feasible in many areas of Orleans Parish. In areas where we are not reporting a to-be-renovated property price, the average price per foot and average sales price are volatile. For example, 70116 with 58 sales in 2013 went up 16% and the same zip code with 34 sales in 2014 went down -17%. This was caused by shifts in the number of inexpensive houses which may have been bought to be renovated in each year.

Jefferson Parish

Prices slowly rose by 1% to \$103 per foot of living area and a \$188,390 average price. Jefferson housing prices as a whole are not yet back to about the pre-Katrina level of \$105. Orleans is far above the pre-Katrina level of \$114 per foot (\$41 per foot higher).

Affordable housing is available throughout Jefferson for household earning at the median income level or slightly higher at today's interest rates of about 4.5% with a 30-year term.

Westbank Jefferson has begun to rise in price after having downward pressure on prices for the past three years. The Avondale closure continues to depress Westbank housing demand.

St. Tammany Parish

Prices rose by 2% after rising by 5% in 2013. From 2010 to 2012 St. Tammany's average house prices had fallen by 9%. From January to June 2014 an average house price was \$227,000 with a \$106 price per foot. Eastern St. Tammany prices (zip codes 70445 to 70461) generally averaged below \$90 per foot while Western St. Tammany (zip codes 70420 to 70471) had average prices per foot of about \$113. The 20% or more difference in average house price makes the Slidell area very affordable to moderate income buyers, but works to the detriment of attracting upper-income home buyers.

Tangipahoa Parish

Average housing prices fell by 2% in the first half of 2014 to \$84 per foot for Tangipahoa as a whole. Prices close to Hammond/Ponchatoula in zip code 70454 rose to \$93 per foot for a \$164,200 average price. Tangipahoa unit sales volume is similar to 2013 sales pace for Tangipahoa but zip code 70454 sales volume is almost double the typical pace in 2013. Tangipahoa remains a very affordable location for first-time buyers as is the Slidell area, St. Bernard, parts of the Westbank, Eastern New Orleans, Laplace and Westbank St. Charles. For a southern city with growing employment and a 24/7 business/social character for New Orleans metro, it remains a surprisingly affordable suburban housing market.

St. Charles Parish

The River Parishes may be beginning to feel the economic benefit of the gradual construction of about \$60 billion in facilities between Baton Rouge and Venice. Average house prices fell by 2% to \$189,100 average price or \$97 per foot of living from \$99 in 2013.

Westbank St. Charles continued to have downward pressure on price due to the Avondale closure. The Ormond area continues to offer above-average sized houses at affordable prices (\$104 per foot). Nearly all the remainder of Eastbank St. Charles has average housing prices below \$90 per foot of living area. Petrochemical facility growth in St. Charles and upriver of St. Charles continues to mitigate the loss of over 3,000 jobs at Avondale, however falling prices on the Westbank of St. Charles continued.

St. John Parish

Recovery from storm flooding takes several years. Laplace has stabilized at an \$81 to \$82 per foot of living area price level with a \$143,800 average house price. Sales volume is back to levels before Isaac struck. Damaged houses had an average of \$36 per foot which is an affordable cost for the shell building before repairs depending on the extent of the water damage and mold within the house.

St. Bernard Parish

Prices rose 6% for average or better quality homes to \$76 per foot of living or a \$129,250 average sales price. Unit sales volume rose to 129 sales in six months instead of the 118 houses in the six month pace of 2013. The 18 months of rising house prices since the end of 2012 are an encouraging sign of consumer confidence. At the same time the inventory of vacant to-be-renovated houses fell by only 17 units sold at a \$32 per foot average price. From 2011 to 2013 damaged houses to be renovated had an average price of \$27 to \$32 per foot in St. Bernard.

Plaquemines Parish – Belle Chasse

Prices rose by 2% compared to the 2013 annual house price to a \$312,800 average price or \$131 per foot of living area. Unit sales volume was only 34 houses compared to the normal pace for this market in 2013 of 45 houses. Levee extension southward will decrease the storm surge flood risk for Belle Chasse, which historically does not flood from hurricanes. However substantial storm surge flood risk remains for all the rest of Plaquemines.

HIGHEST PRICED AREAS

Orleans Parish continued to have the highest house prices. Zip codes with prices above \$150 per foot of living area were:

Orleans

70116	\$267
70130	\$225
70118	\$237
70115	\$248
70124	\$174

Jefferson

70005	\$170
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St. Tammany

70447	\$130
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LEAST EXPENSIVE AREAS

Numerous zip code areas now offer single-family houses priced below \$82 per foot or house prices generally less than \$150,000.

Orleans	70126, 70127, 70128, 70129 (Eastern New Orleans)
Jefferson:	70067 (South Kenner), 70056, 70058, 70072, 70094 (Western Jefferson)
St. Tammany	70460 (South Slidell)
Tangipahoa	70401, 70422, 70443, 70444, 70446, 70455 (most of Tangipahoa Parish)
St. John	70051, 70068, 70084 (Laplace and Reserve/entire parish)
St. Charles	None
St. Bernard	70032, 70043, 70092

RENOVATION PACE

In the first half of 2014 about 300 existing houses in fair or poor condition in geographies with hurricane street flooding were identified. This is a 600 or so rate of houses per year. In 2013 there were 556 houses sold in similar locations and condition. Renovations are now about 6% of all existing houses sold by Realtors. It is still a significant neighborhood rebuilding activity. After eight years since Katrina these are still affordable housing opportunities for individuals and investors to buy inexpensively and then renovate to modern standards with a profit earned in the process.