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# THE WALL STREET JOURNAL.

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## THE MARKET

# New Orleans Gets a Crop of New Condos

The Big Easy may be known for its stately mansions, but a new breed of developers is testing the market for high-end units with posh amenities



The Standard is the third of four residential buildings planned for a five-block mixed-use development in New Orleans known as the South Market District. ILLUSTRATION: ARC MEDIA

*By Leigh Kamping-Carder*

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**John and Kim Andrews** of Laguna Hills, Calif., had all but given up on finding a pied-à-terre in New Orleans—where they had enjoyed jazz and football for more than a decade. After years of touring apartments, most in former industrial buildings, “we didn’t see anything that really knocked us out,” said Mr. Andrews, a 62-year-old audio-video executive.

Then the couple walked by the sales office of the Standard, still under construction. The building, designed by Morris Adjmi, offers 89 luxury condos, an outdoor pool, outdoor kitchens, a concierge and covered parking—features that reminded Mr. Andrews of properties in New York or Los Angeles. They signed a contract for a 1,407-square-foot two-bedroom with two baths for just over \$1.1 million.

For the first time, New Orleans has a critical mass of luxury condos set to enter the market, with deluxe finishes and opulent amenities—and prices to match. Developers—some local business people relatively new to real estate—are betting they can lure a more discerning, affluent buyer: empty nesters shedding suburban houses for the city’s walkable downtown, and newcomers ready to buy into the Big Easy’s eclectic lifestyle.

Some 1,933 condos were listed in 2017 as of late October, 51.7% more than in all of 2016, according to listings website Trulia. The median list price was \$244,060, up from \$240,000 in 2016 and \$169,250 in 2015.

## New Construction in New Orleans

Downtown neighborhoods such as the Warehouse District, the Central Business District and the South Market District are luring new residents with high-end condos, restaurants, shops and entertainment.



A streetcar travels through the South Market District development on the border of the Warehouse and Central Business districts. SARA ESSEX BRADLEY FOR THE WALL STREET JOURNAL

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The Ace Hotel in the South Market District—and the Stumptown Coffee Roasters inside—is one of the draws for affluent buyers in the neighborhood. PHOTO: SARA ESSEX BRADLEY FOR THE WALL STREET JOURNAL

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The Standard is the third of four residential buildings planned for the South Market District, a five-block development that will have more than 1,000 luxury apartments, mostly rentals. About 40% of the for-sale units have sold, with asking prices ranging from \$575,000 to \$3.475 million, said Matt Schwartz, principal of the Domain Companies, the developer.

Domain began assembling land for the project in 2009, Mr. Schwartz said. New Orleans was experiencing a wave of post-Hurricane Katrina development while the rest of the country was reeling from the housing crisis.

Developers were using state and federal tax credits to convert historic buildings, said Parke McEnery of the McEnery Company, a real-estate services firm, typically turning former warehouses into rental apartments.



New galleries and restaurants have helped to pull house-hunters to New Orleans. PHOTO: SARA ESSEX BRADLEY FOR THE WALL STREET JOURNAL

New restaurants, galleries, food stores, hotels and museums drew residents to the Warehouse and Central Business districts, as did a refurbishment of the Mercedes-Benz Superdome.

But the residential offerings mostly had limited amenities: exercise rooms, street parking and run-of-the-mill finishes. Those weren't enough to meet the demands of the post-Katrina influx of newcomers to the city—lured by the attention New Orleans was receiving or by the attractive business incentives being offered. They wanted the same amenities found in other urban new builds.

“People were really looking for that Class A, very high-end condo product,” Mr. Schwartz said.

New Orleans native Susan Brennan ran up against the gap between inventory and demand. She was looking for a three-bedroom condo with high-end appliances and perks like a pool, dog-walk, doorman and fitness center.

Nothing for sale fit the bill, so she decided to build her home herself. She had already developed a couple of small residential projects and built a film-production facility, Second Line Stages, that she opened in 2009. With a bank loan—and no other investors—she built 42 condos, 425 Notre Dame Street, on land she inherited from her mother.

“The bank asked me where my marketing research [was], and I said ‘Me, right here,’ ” Ms. Brennan said. Units sold for \$500 to \$750 a square foot, she said, and residents moved in beginning October 2013. By contrast, homes in the French Quarter—the city’s most expensive neighborhood—typically fetch \$400 a square foot, said Katie Witry, of Gardner Realtors.

“That was the only new game in town,” said Glennda Bach of Latter & Blum Realtors, who is handling the resale of a two-bedroom, one-bathroom unit in the building listed for \$650,000.



A rendering of the luxury 90-unit, 16-story Eleven Hundred Annunciation condo building set to be completed in 2019. ILLUSTRATION: ESTUDIO/TRAPOLIN PEER ARCHITECTS

Now, several projects are planned downtown, including conversion of the long vacant World Trade Center site into 100 high-end condos and a Four Seasons hotel. Another incentive is a change of rules allowing homeowners to rent their units short-term—subject to certain limits.

Buyers at Eleven Hundred Annunciation, a 90-unit, 16-story condo building due to be completed in 2019, can sign up for a management company to handle their short-term rentals, said sales director Shaun Talbot of Talbot Realty Group. Prices for the one- to four-bedroom units will range from \$425,000 to \$2.45 million.

William B. Reily IV, the scion of a family food business, is building 44 condos at 700 Magazine Street, once a company garage. He is also converting the company's 1902 headquarters and former coffee-roasting plant into 33 rentals.

The Kalorama condos offer covered parking, 24-hour security, a fitness center and dog runs. They are set to go on the market by year end for \$600 to \$900 a square foot. Mr. Talbot is handling sales.

"It was such an opportunity," Mr. Reily said, "because the neighborhood has become such a magnet in the city of New Orleans."

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