



nerej

After Hurricane Katrina: Metaphor for our country's slow real estate recovery

March 28, 2012 - Spotlights

Recently I had the opportunity to tag along with my wife on one of her organization's trips to review a city's planning and landscape. This trip was to New Orleans, which I was particularly interested in, since I had not been there after Katrina to see her effects on the city, its real estate, its culture, and its spirit. As these trips are typically well planned, we were scheduled to meet with the movers and shakers of the city, and take bus trips to both the most prestigious estates as well as the poorest areas.

We first met with the "docents" of the city at their beautiful homes and offices. Full of southern graciousness, charm and enthusiasm, they told us about how much progress had been made since Katrina. Fund raisers, society balls, political connections, as well as pleas to movie stars and musicians had brought significant amount of renewal to the city. We took bus tours along the dikes, through the infamous lower 9th Ward, and saw new housing sponsored by Brad Pitt and other stars, new neighborhoods dedicated to attracting musicians, and renovated warehouse districts for artists. While there had been a lot of devastation, there was indeed progress.

But our bus driver had a second opinion of the condition of New Orleans. Not quite as enthusiastic as the city leaders, he talked about the struggles to get people who had left for several months to come back to the city. He talked about hopeful new charter schools to revive the education system, as well as other changes ironically made possible by Katrina. But he also warned against how much more hard work there was to do. As we looked out over the 9th Ward, his description was not exactly in sync with Brad Pitt's statement: "Today, the neighborhood is growing and alive with new homes, playgrounds, gardens and block parties." I thought the bus driver was more honest than was Brad.

At the end of the trip, as we took a cab back to the airport, I was given a final opinion by this driver. An older, more worn man with fewer smiles on his face, he was less optimistic. My wife and I said how things must be much better based on what we heard. He hesitated, and begrudgingly said "they're a little better." I asked him how much time he had to stay out of New Orleans after Katrina, and whether others had gone and stayed away. He said "why wouldn't they stay away, since there's nothing left here to come home to: no schools, no stores, no neighborhoods." To show him I was not just a naïve tourist, I told him our group had been to the 9th ward and saw the problems he was talking about. He shot back, "the 9th ward is nothing. That's what everybody sees. Eighty percent of the city was under water with other neighborhoods far worse off. It's not just about new housing in the 9th ward."

Daniel Calano, CRE, is the managing partner and principal of Prospectus, LLC, Cambridge, Mass.

At that point, I gave up talking to him. He knew, in fact, I was naïve and either saw what I wanted to see, or what I had been told, or something that was real but only a sliver of New Orleans. In my silence, I thought about this small journey as a metaphor for our economy and our real estate world. To many, things are much better. Many are back working, watching the improved stock market, and in nice houses surrounded by neighbors of similar good fortune. Others, while optimistic, see many years of hard work ahead of them. And finally others, who have been beaten down and beaten down, have given up hope.

All three of these viewpoints reflect reality. But it is the reality of different worlds in different places with different populations. Our economy and real estate market is definitely improving. But, it will clearly take much more time for some people and some areas. Much has improved, and much has not. Disasters such as our financial collapse and Great Recession are similar to natural disasters such as Katrina. There are many good plans, and good intentions, to set things straight immediately. However, as with Katrina, there have also been subtle paradigm shifts. Things in fortunate places for fortunate people may snap back to business as usual. Other things will not. Metaphorically speaking, some people will simply not return, at least in the immediate future. Over time, a great many things will return to normal, albeit potentially a new normal.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540