"I think the bottom line is the economy is getting better."

Dale Akins, president of The Market Edge

BUILDING STARTS TO BOOM AGAIN

Residential building permits on the rise

■ Upstate building permits are up more than 20 percent in year-to-date totals.



Source: The Market Edge, Inc.

SUZIE RIDDLE / Staff



Billy Dunn walks through the framing of a house Dunn Custom Homes is building.

CINDY HOSEA / Staff

Housing correction 'moves in right direction'

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A big spike in building permit applications in the Upstate in the first quarter has homebuilders in a better mood than they have been in years.

Consumer optimism seems to be behind the 20.2 percent rise in building permits, the best quarterly showing since residential construction activity began slowing in 2005, The Market Edge reported.

And what people think about the economy casts a wide shadow, since consumer spending amounts to two-thirds of economic activity in the United States, affecting everything from restaurant receipts to big-ticket decisions.

The region had 755 applications for new residential construction in the first quarter of 2010, compared with 628 permits the same period of 2009, according to Knoxville, Tenn.-based Market Edge.

The region bottomed out in the fourth quarter of 2008 with 575 building permits

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and has been improving since, Dale Akins, president of The Market Edge, told *The Greenville News*.

"What that basically shows you is the housing market is going through a correction," Akins said. "It's moving in the right direction."

Nationwide, the rate of permits issued for new housing construction rose 7.5 percent in March, to a seasonally adjusted annual rate of 685,000 units, according to figures from the U.S. Commerce Department.

David Crowe, chief economist for the National Association of Home Builders, said the U.S. Commerce Department's report "signifies that home builders are confident enough to begin work on homes that will very likely be completed after the expiration of the home buyer tax credits."

He said the gain in permits last month is "particularly welcome news, since those numbers are generally a reliable indicator of future building activity."

Local custom home builder Billy Dunn said his company has recently signed contracts to build two houses and has sold a spec home. Business is much better than it was last year, he sad.

"We're very pleased with all the progress we've seen," he said. "I think the economy is getting better and people's confidence is better than it has been."

Mike Cloys, owner of ARC Builders in Greenville, said he recently sold three spec houses and has a custom house he is completing. He said none of the homes he's sold were motivated by the federal homebuyer tax credits.

"It feels like there's a lot of pent-up demand from the activity I would get from model homes to people calling and just talking to contractors," Cloys said.

"Everybody that's bought my houses is mainly moving locally, and it wasn't because they had to move. So I would call that demand. I'm excited."

Donald Davis, who moved to the Upstate from Pennsylvania in February, is having a home built in the Lazarus-Shouse Bordeaux community because he said it is more feasible to build a house from scratch than to retrofit one.

Upstate residential construction activity peaked in 2005 with a total of 9,705 permits. The reason for those levels, Akins said, was the "perfect storm" of lower interest rates, hyperinflation, and a housing market riding a speculat on boom.

From 2005 to 2009, Upstate permits fell by about 75 percent.

Akins said the latest numbers show the market "going back to the picture of true demand."

"I think the bottom line is the economy is getting better," Akins said.