BUSINESS

Home sales surge, but test looms

Greenville's numbers surprisingly good thanks to first-time buyers

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First-time homebuyers and an improved market are credited for better-than-expected homes sales last month.

But real estate experts say the coming months, when the tax credits expire, may be the true test of whether the housing market has recovered.

Statistics released Tuesday show existing home sales in the Greater Greenville area were up 17.8 percent in March, compared with the same time last year. Year-to-date home sales were up 6.1 percent.

The increases, said Nick Sabatine, chief executive officer of the Greater Greenville Association of Realtors, are "definitely" due to first-time homebuyers and an improved housing market.

He called the data "very encouraging," especially because the jump was earlier than expected.

"I'm cautiously optimistic that we've begun recovery," Sabatine said. "One month doesn't a recovery make. I think the true test will be by the end of the second quarter 2010."

Neither state nor nationwide numbers have been released, but the National Association of Realtors is expecting a surge in existing home sales through June.

"The biggest question is how big of a surge are we going to get?" said Walter Molony, NAR spokesman.

"If sales are as strong as they were last fall, then we're probably in good shape. If it's weaker, then not as much inventory will be absorbed, and we might be a little bit further away from having a broader stabilization in home prices," he said. "So the next few months are going to be very telling."

Greenville-area home sales in March are on the same level as those in November 2009, which is "normal," Sabatine said. Last November, Congress extended and expanded the homebuyer tax credit.

As of Feb. 20, more than 27,000 South Carolina taxpayers collected more than $197 million in first-time homebuyer credits, according to Mark Hanson, spokesman for the Internal Revenue Service.

Jeff Randolph, a Clemson University instructor and owner/president of Greenville-based Randolph Group residential development company, said the homebuyer tax credit is driving a significant portion of buyers, and "my guess is you will see some kind of decline after that (credit expires).

"But if we continue to have jobs and job announcements and the overall economy gets better then you will see some leveling off," he said.

In the Greenville area, the average price of homes sold last month was $158,541 compared with $163,789 in March 2009. The median price of $139,000 was the same for March 2009 and March 2010.