Homebuyers build on modest foundation

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Building permits rise, but new houses more affordable, smaller

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Sally Nicholson doesn't necessarily consider now a good time to build a new home, but the 59-year-old chose to move forward with plans to downsize into a smaller, more environmentally friendly house in spite of her concerns about the economy.

Her decision to build may be a reflection of what others also are doing in the Greenville area.

Upstate residential building permits were up 9.5 percent in the first half of the year and a whopping 30.7 percent in Greenville, according to market data from Knoxville-based The Market Edge.

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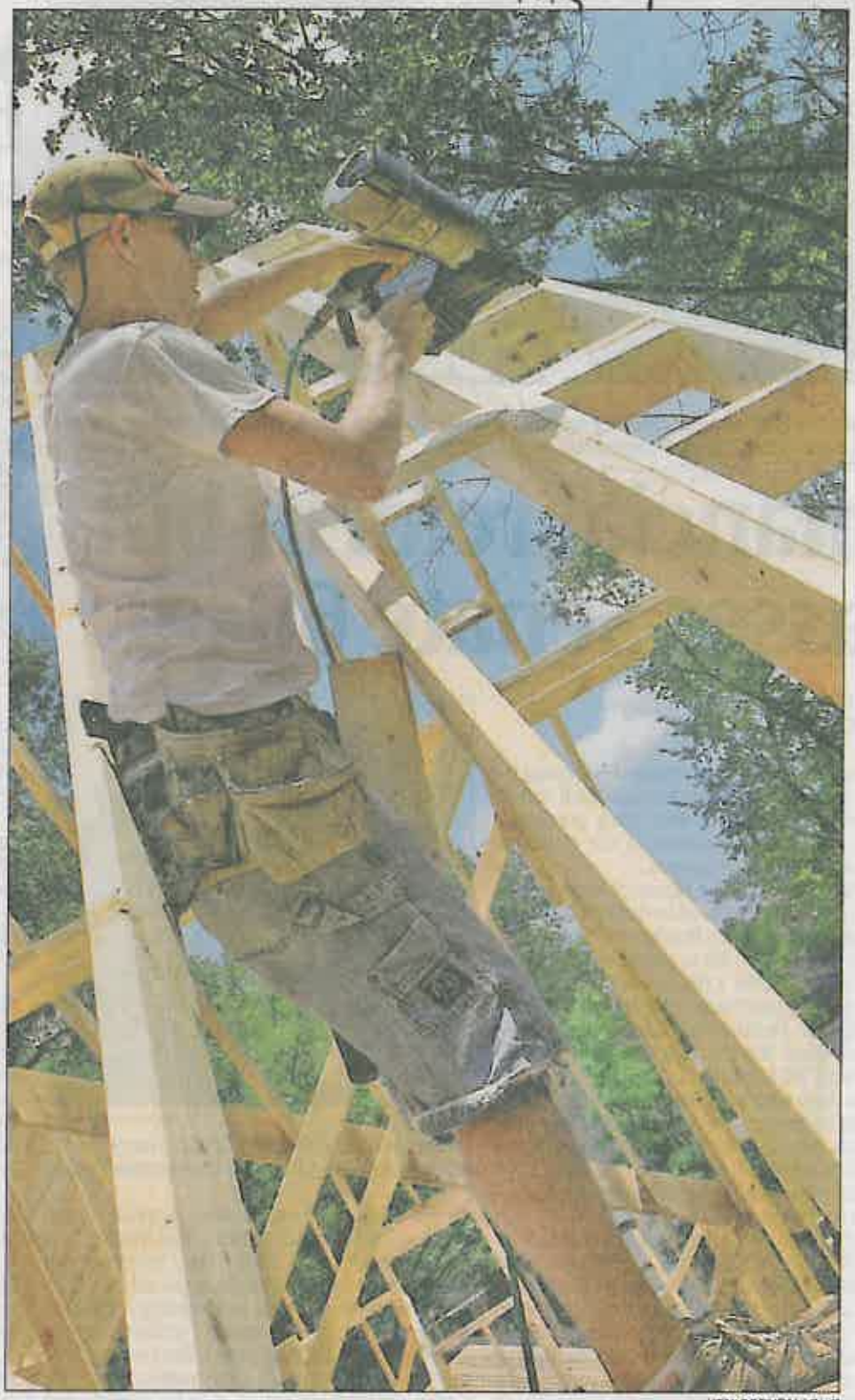
The numbers also suggest another trend — that much of the new building is for more modest homes and the days of the McMansion, at least for now, are over in the wake of the nation's financial slide. Analysts speak of a "new normal" and a resetting of buyers' expectations of what they aspire to in a home.

Dale Akins, president of the Market Edge, said the general consensus is that most of the permits are for entry-level or move-up housing.

"While we certainly think this is true, our data shows building permits for 'high-end' houses have been steadily decreasing since the peak in 2006," he said.

From 2008 to 2009, the number of permits issued with values of

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KEN OSBURN / Staff

Brian Suddeth works on a new home being built in the Augusta Road area of Greenville. A big spike in building permit applications in the Upstate in the first half of 2010 has homebuilders in a better mood than they have been in years.

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more than $300,000 dropped by more than 50 percent in the markets covered by The Market Edge, he said.

Nicholson, a business analyst for the Greenville Hospital System, said she had been planning to build a home long before the market collapsed in 2008.

"It was a decision to get out of a larger house and get into something that was more manageable for me," she said. "From a financial standpoint, it probably wasn't the most advantageous thing to do because I could've held on to the house I was in."

Curtis Simon, an associate professor of economics at Clemson University, said the rise in Upstate building permits is "a huge positive" and a sign of revival.

He added, though, that "it doesn't feel very good right now because employment is sluggish. Employment is sluggish because small business is sluggish."

Rick Quinn of Quinn Satterfield Inc., a Greenville-based residential builder, said consumer confidence, battered during the recession, takes a while to recover to the point where people feel confident in building homes.

"I think we're beginning to see some consumers decide that it's time to buy a house, and everybody realizes that we're probably at a low point and it's buy now and get good prices on houses or wait and miss it," he said.

The region defined by Market Edge's data — Greenville, Pickens, Anderson, Laurens, Abbeville, Greenwood, Oconee and Spartanburg counties — had unusually big years for new construction in 2005-2007, with 9,705, 9,467 and 8,023 in permits, respectively.

The Upstate had 2,623 permits issued in 2009, with 1,006 of those in Greenville.

Todd Usher, owner of Addison Homes in Greer, said the federal homebuyer tax credit resulted in a boomerang effect by stimulating housing starts only temporarily during the first quarter.

Greenville had 359 permits in the first quarter and 267 in the second quarter.

Usher said despite that drop in the second quarter, permits are still on track to exceed 2009 totals.

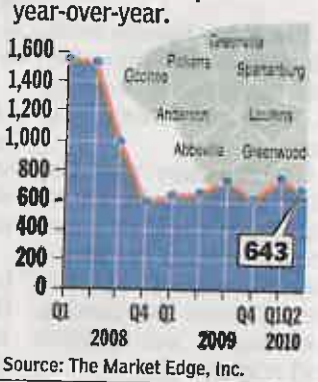
Akins said that in many of the five markets in Southeastern states where it collects data, the total number of building permits issued during the second quarter was greater than in the first quarter and the year-to-date totals are greater than the 2009 year-to-date numbers.

Quinn believes a good share of the increase locally is affordable housing.

He said there are "probably 150 affordable housing (projects) going through the city community development or just the nonprofit world."

Residential building permits on the rise

Upstate building permits saw a 14.8% dip in the second quarter, but are up 9.5% year-over-year.



Source: The Market Edge, Inc.

SUZIE RIDDLE / Staff