Market 'much improved'

Extension, expansion of home buyer tax credit aiding Upstate real estate

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Business Trends

The flip of the calendar to 2010 did more than signify the start of a new decade. For local residential real estate professionals, the first few weeks of the new year have brought an uptick in activity.

And even if that uptick is because of a depressed market in 2009, the professionals are seeing it as a positive first step to a recovery in their field.

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"The first quarter of 2010 is much improved over this time last year," according to Brad Halter, president of Coldwell Banker Caine, for obvious reasons that "we were pretty much in a freefall in the first quarter of 2009."

And according to Matt Carter, broker at Prudential C. Dan Joyner Co. Realtors, "we're night and day this quarter compared to last quarter, but that's not saying much. Last quarter was pitch black."

For Halter, it's more about figuring out what the "new normal" is in the residential real estate market rather than simply getting back to "normal." The $8,000 federal tax credit for first-time home buyers has changed the game substantially, and is even affecting

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measuring sticks such as median home prices. The demographic of people currently buying homes is a first-time home buyer, Halter said, and that person is typically buying a home in the $100,000 to $125,000 range.

In 2009, the median sale price for homes in Greenville County was $139,900, according to data from Greenville MLS, which Halter said is a good barometer of activity for the entire Upstate. In 2008, the median sales price was $153,724; in 2007, it was $157,500; and in 2006, it was $149,000.

"In markets like the Upstate, which are still good markets…you've got a lot of reasons why the median price has been more impacted by the demographic of the buyer than by the market itself," he said. "I can tell you with complete assuredness that the first-time home buyer is the market."

Unlike other parts of the nation, Halter said the Upstate hasn't experienced wholesale price reductions or foreclosures in specific neighborhoods or regions. The total number of units sold was off by 15.5 percent from 2009 to 2008, Halter said, but it was as high as 32 percent earlier in the year. The tax credit has allowed buyers to "chip away at the inventory" and get the Upstate market back to "equilibrium."

Halter said he believes the extension of the tax credit – first-time home buyers must have a written binding agreement in place by April 30 and close the transaction by June 30 – and the expansion of the program – existing home owners can qualify for a tax credit up to $6,500 toward the purchase of a new home – will make the first and second quarters of 2010 ripe with activity and will start to increase the median price of home sales. The $500,000-range home buyers are "few and far between" now, Halter said, but the new credit should begin to affect that part of the market as well.

"It has truly given us a bridge from the second to the third quarter," he said.

Halter is telling his agents that they should look at the first three months of the year as hot-selling months, like the summer months usually are. Generally, potential home buyers begin their search in March and April in anticipation for a summer move in advance of the new school year, but that has changed due to the tax credit deadline.

Halter advises sellers to be realistic, look at the condition of their property – making sure it's the first choice among its peer group – pay attention to the competition in terms of geography and understand their home's price point, which is "critical." While homes that are well maintained and appropriately priced are selling, they are taking a little longer to sell. The average number of days a home was on the market was 102 in 2009 compared to 96 in 2008 and 87 in 2007, according to Greenville MLS data.

Buyers need to be realistic as well, Halter said. While it is a "great and smart" time to buy, there is a bit of disconnect in the market where buyers think they can offer anything and it will get accepted, and that just isn't the case. Halter suggests buyers figure out what they're willing to spend, what they're looking for with that range of money, in terms of location and services, and then focus their search.

And even though the tax credits that are fueling the market will expire before the halfway point of 2010, Halter doesn't foresee a hiccup once the credits are no longer available because of the stable base of Upstate employers.

"We're pretty resilient in that arena," Halter said. "What I'm telling everybody is that there is a lot more trouble behind us than there is in front."