Monthly home sales rise in Greenville area

Numbers off from a year ago, but decline between months slows

By Angelia Davis
BUSINESS WRITER
adavis@greenvillenews.com

The first-time homebuyer tax credit and foreclosures helped boost home sales in the greater Greenville area slightly in August from July of this year, although they were still off from a year ago.

Sales in August for greater Greenville, which also includes Pickens and Laurens counties, were down 15.7 percent from sales in August 2008 and down 24 percent year to date from the same period of 2008, according to the state Multiple Listing Service.

In August, there were 607 homes sold, compared with 589 in July. Last year, there were 720 homes sold in August and 746 in July.

Going from a 21 percent decline in sales in July compared to last year to a 15.7 percent decline in August compared to last year "is very positive," said Nick Sabatine, chief executive officer of the Greater Greenville Association of Realtors. "We're not out of the woods yet. There's no question but that we're working our way out."

August sales statewide and nationally also lagged last year's sales.

Nick Kremydas, executive director of the South Carolina Association of Realtors, said the good news in the August MLS figures released Thursday may be that there haven't been any wilder fluctuations.

"The rate of decline seems to be slowing down, which is in line with some of the positive numbers we're seeing across the country as far as some signs of life in the marketplace," he said.

Statewide, homes sales in August dropped 9.4 percent, compared to August 2008. The drop for the first eight months of 2009 and 2008 was 19.8 percent.

Year-to-date sales were down by 20 percent in Anderson, 17.8 percent in Spartanburg, 21.2 percent in Cherokee County, and 31.8 percent in Greenwood.

The greater Columbia area had a 20.9 percent drop. August sales in this area were down 6.5 percent from a year ago.

Joey Von Nessen, who analyzes the housing industry for the research division at the USC Moore School of Business, said the state housing market is still faring better than most markets in the nation.

He said the state is likely to be among the first to recover because the values are still holding and homes are more affordable in South Carolina than they've been in 20 years.

"Those things makes housing a good investment relative to the rest of the country, and housing

See HOMES on page 10A

GREENVILLE NEWS

HOMES

FROM PAGE 1A

is such a significant factor of GDP (gross domestic product) that it's probably going to lead the way out of the recession," he said.

The National Association of Realtors said sales nationwide decreased 2.7 percent last month to a seasonally adjusted annual rate of 5.10 million units in August from 5.24 million in July.

Lawrence Yun, NAR's chief economist, said, "Home sales retrenched from a very strong improvement in July but continue to be much higher than before the stimulus."

He said the first-time buyer tax credit is having its intended impact of bringing buyers into the market and allowing them to take advantage of very favorable affordability conditions.

Yun credited some of the "give-back in closed sales" to rising numbers of contracts entering the system, with some fallouts and a backlog contributing to a longer closing process.

The decline demonstrates that the housing rebound can't be taken for granted, he said.

Coastal areas saw increases in sales this August over August 2008, with the Myrtle Beach market increasing by 18.3 percent and the Hilton Head market by 31.3 percent.

The two were among the markets to see the biggest price declines when the economy fell, Kremydas said. They are also markets where the $8,000 tax credit really doesn't come into play, he said.

Von Neesen and Kremydas said the slight uptick in sales is basically the beginning of a recovery.

"Throughout the state, there's a lot of evidence that the recession is coming to an end," he said. "I hope that when the third-quarter numbers come out, we'll see sort of confirmation that we're moving out of the recession and are actually in a recovery."

There were 6,893 residential units on the market in the greater Greenville area as of Sept. 10, compared to 6,951 a month ago, the Greenville MLS report said.

The median sales price as of Sept. 10 was down 0.03 percent at $189,900, compared to $189,970 in September 2008.

"The bad news is the foreclosures are out there. The good news is that they are selling. People are buying the foreclosures a little bit more rapidly," Sabatine said. "But the biggest strength is the homebuyer's tax credit."

Kremydas said the $8,000 first-time homebuyer tax credit has been a "nice boost" for the market.

Nearly 22,000 claims in South Carolina have been made for the tax credit as of last week, according to the Internal Revenue Service. The number of claims nationwide were at 1.4 million, while neighboring North Carolina had 45,000 and Georgia had 56,000.

To claim the credit, the homes must be purchased and closed on between Jan. 1, 2009, and Nov. 30, 2009.

There is a concern among real estate professionals and others that buyers will wait too late and miss the opportunity to take advantage of the tax credit.

The NAR says it takes between 45 and 60 days from contract to close on a home. The association is lobbying Congress to extend the credit for another year.

"People hearing or reading about that effort may wait for that extension and possibly miss the tax-credit opportunity, Sabatine said.

"We'll see just how resilient the market is if that credit is not extended," Kremydas said.