No housing bubble worry for experts

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SENECA — If you've been a homebuyer or seller, a real estate or mortgage broker, you've seen this movie before — one in which the main characters are rising prices, shrinking inventory and increasing demand.

The trend in prices, inventory and demand are again getting top billing in the housing report released this week by South Carolina Realtors. The report mimics a national trend that has some asking whether these are signs of a bubble forming. The surge in prices over the past few years that continues to pick up speed in 2015 caused CNN Money to ask earlier this month whether the market is entering another bubble phase.

Local Realtors told The Journal last month they've not been this busy since the run-up to the bubble in 2008.

If there is a bubble forming, experts told CNN Money, it's different from the 2008 bubble that was inflated in part by what Keith Gumbinger of CHS.com called "loose mortgage lending practices that sometimes pushed buyers to take out loans they couldn't afford."

"That bubble was fostered by a finance-related push," Gumbinger said.

Realtor.com chief economist Jonathan Smoke recently wrote there are key differences in the current surge compared to what happened with the previous bubble, which indicates to him

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that a national calamity is not in the making.

Smoke argued that on an inflation-adjusted basis, current prices are 30 percent beneath the peak set in 2005. He said the current home price increases will not pop because the market is correcting for severe price declines after the 2008 bubble.

"Median prices have climbed less than 8 percent on a compounded annual basis over the past three years," Smoke wrote. "On the other hand, from 2002 to 2005, median prices rose 10 percent on a compounded annual basis — and had no justification of a bounce from a prior decline."

In its report this week, South Carolina Realtors underscored that the data is "revealing a busy spring for buyers and sellers."

Statewide, home sales year-to-date climbed to 21,164, or almost 17 percent more than at this time in 2014. The median sales price statewide, on the other hand, climbed to $163,579, an increase of 5.5 percent over a year ago.

Closer to home in the Western Upstate market encompassing Anderson, Oconee and Pickens, there were 1,233 sales to date, which is 19 percent higher compared to last year, while the median sales price reached $140,000, an increase of 7.7 percent over this time in 2014.

Local real estate broker Lorraine Harding said she has seen properties that are priced right getting multiple offers.

"We're seeing more than one buyer wanting the same property," Harding said.

Harding said she's seen those multiple offers on properties selling for less than $250,000.

"The first-time homebuyers that have sat on the fence are concerned that they not lose these low interest rates," Harding added. "There's a feeling that now is the good time."

SCR chief executive Nick Kremydas predicted a boost in new listings because rental prices are on the rise and mortgage rates remain relatively low.

"Housing fundamentals in South Carolina continue to improve, and with recent economic development announcements, we expect this growth trend to continue," Kremydas said.

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