First-time buyers fuel home sales recovery



HEIDI HEILBRUNN / Staff

Will and Carmen Feemster said they will use the $8,000 federal tax credit for improvements on their new home.

Real estate firms encouraged recovery will take hold

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Local home sales continued their comeback in November, building momentum for a rebound in 2010.

Sales last month in the Greenville Multiple Listing Service market were up 40 percent on the heels of a 17 percent rise in October, which was the first increase in well over a year.

Real estate pros credited people rushing to beat the initial first-time homebuyer tax credit deadline with helping push local sales in November well above what they were a year ago.

Newlyweds Carmen and Will Feemster, both 23, will close on their first home this week, still with access to up to $8,000 because the credit was expanded and extended to the end of April.

"It's such a major benefit. We'll use the tax credit to update the house and make improvements," Carmen Feemster said.

Walter Molony, spokesman for the National Association of Realtors, said markets across the nation likewise saw significant sales above year-ago levels.

It was clearly the result of people rushing to beat the Nov. 30 deadline Congress had initially set to end the first-time homebuyer tax credit, said Molony and David Crigler, senior vice president and general manager of the residential division of Prudential C. Dan Joyner Real Estate.

The current year-over-year increase is the greatest in the Greenville area since the market bottomed out, said Nick Sabatine, executive director of the Greater Greenville Association of Realtors.

"It's just a sign of the recovery of the housing market," he said.

Sabatine said November's increase was expected, although area home sales are still down year-to-date by 16.8 percent, and have dropped 3.4 percent from October.

Beyond the tax credit, he said, November's increase can be attributed to the adjustment in housing prices and consumer confidence.

The one thing Sabatine said he doesn't expect is a bigger decrease in unemployment. "Jobs are still the key," he said.

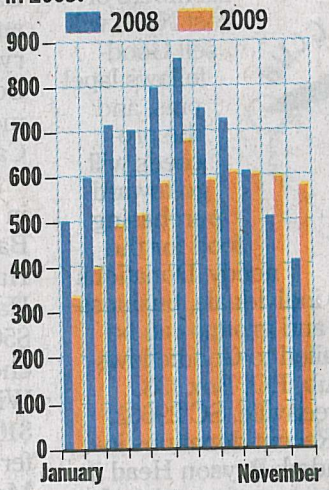
Crigler said half of his company's business has been first-time homebuyers. He said tax credit extension and expansion of up to $6,500 for move-up buyers should keep things pretty steady.

When the credit expires, though, "I think we're going need to look and see what the interest

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Greenville home sales

Sales of residential real estate – single family homes, condos and townhouses – were up 40.3 percent in November, the second year-over-year increase in 2009.



Source: Multiple Listing Service of Greenville

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HOMES

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rates are at that time. I think most of the economists think they're going to tick up a little bit," Crigler said.

Brad Halter, president and general manager of Coldwell Banker Caine, said sales at his company are up between 25 percent and 30 percent and "we are continuing to see increased interest in the housing market and a little more confidence."

"We certainly look for 2010 to be better than 2009, but it is not going to reach the levels we have seen in 2005, 2006 or a year ago or two," he said.

Of the 19 markets for which the association maintains data, Portland, Philadelphia, New Orleans, Miami, and Baltimore were like Greenville in experiencing year-over-year gains of 30 percent or more, Molony said.

He said markets that experienced those increases are fairly affordable and "they haven't had prices really run away from income like they've had in some of the higher-priced markets."

The association expects sales to be above year-ago levels but anticipates month-to-month sales will drop on a seasonally adjusted basis.

Sales in December and the first two months of 2010 are expected to be lower, with sales anticipated to surge in the spring, Molony said.

The reason, he said, is that before the tax credit extension/expansion was announced recently, people not only rushed to close in November, some left the market thinking "it's not worth it."

The period between Thanksgiving and the new year is a natural slowdown in the housing sector, he said, as people focus on the holiday and family, and are affected by the weather.

The spring surge should come as buyers again try to take advantage of the tax credit before it expires, Molony said.

Spring is one of the busiest times of the year for home sales, said Lauren Briles of Briles Co., Inc.

By then, Briles is hopeful that the housing market will be strong enough to have no need for more tax credits and stable enough to continue moving forward.

"I'm very optimistic," she said.

Molony said that "based on what we're seeing right now, it looks like enough of the inventory will be absorbed so we'll get to balanced conditions. That's really the key to the health of the housing market, becoming self-sustaining."

