Tax break spurs sales of homes

Big jump reported nationwide; many parts of state enjoy 'nice boost'

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First-time homebuyers throughout the nation pushed sales of existing homes up last month to their highest level in two years.

Home sales went up 9.4 percent to a seasonally adjusted annual rate of 5.57 million units in September, from 5.10 million in August, the National Association of Realtors (NAR) said Friday.

The association said September's sales were 9.2 percent higher than the 5.10 million-unit pace in September 2008, and that is the highest activity since 5.73 million in July 2007.

Lawrence Yun, NAR chief economist, said much of the momentum is in response to the first-time buyer tax credit, which is freeing many sellers to make a trade and buy another home.

Nick Kremydas, chief executive officer of the South Carolina Association of Realtors, said the $8,000 first-time homebuyer tax credit has been a "nice boost" for the local market.

Home sales statewide were up 1.6 percent in September, while the median sales price was down 10.5 percent.

Nine markets in the state also saw home sales increases last month.

Areas along the coast, which had some of the biggest price declines when the economy fell, had some of the higher sales increases in September.

Sales in Beaufort rose by 37.9 percent, the Myrtle Beach area was up by 21.7 percent, and Hilton Head had a 1.1 percent increase.

The Greater Greenville market, which includes Pickens and Laurens counties, was among the five markets in the state to see a decline.

Sumter/Clarendon had the largest decline at 20.9 percent, followed by Spartanburg with 12.6 percent. The median home prices in those areas were down by 8 percent.

Sales in Greater Greenville were down 1.8 percent last month, and the median sales price was down 6.3 percent.

Nick Sabatine, chief executive officer of the Greater Greenville Association of Realtors, said if sales in October can stay on level with those in August and September of this year or September 2008, "I think that's where we'll show that we're having a rebound."

See HOMES on page 19A

HOMES

FROM PAGE 1A

Yun said even with the improvements nationwide, the market is underperforming. And, he said, while there are early indications of price stabilization, "We need a steady supply of qualified buyers to meaningfully bring inventories down and return us to a period of normal, steady price growth and to fully remove consumer fears, which would then revive the broader economy."

Buyers are likely rushing to complete transactions ahead of the looming tax credit expiration. Wells Fargo economists expect higher sales levels through October and into November before collapsing in December if the credit isn't extended.

Average and median sales prices remain under pressure as buyers with access to the tax credit tend to purchase lower-end homes, which are dominating the marketplace at this point, the economists said.

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