Tax credit may boost real estate

Economist comments on plan at Greenville Realtors meeting

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The chief economist for the National Association of Realtors expects the housing market in Greenville and the state to be much better in 2010 than it was in the early part of this year, thanks in part to the passage of the home buyer tax credit extension.

Lawrence Yun, who is also NAR's senior vice president of research, gave his predictions about the local and national housing market at the Poinsett Club in Greenville on Thursday, during a meeting hosted by the Greater Greenville Association of Realtors.


Yun

Yun, a native of South Korea who grew up in Columbia, thanked real estate agents who came here from across the state for their help in getting the $8,000 tax credit extended.

President Barack Obama is expected to sign off the extension Friday, just days after the bill was approved by both the

market

Senate and House of Representatives.

The extension is for home buyers who sign sales contracts by the end of April and close by the end of June. It also offers a credit or up to $6,500 to buyers who have owned their current homes for at

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least five years.

The credit, Yun said, is a "tremendous boost" not only for the housing industry, but for the middle class working families who've faced challenging times over the past two to three years.

He believes that with the extension and its inclusion for move-up buyers, "we are on track for a nice sustainable recovery with the housing market and the broader economy.

"I anticipate the commercial real estate market which has been hard will also begin to recover soon afterwards," Yun said.

With the tax extension in place and the housing market beginning to stabilize, home price declines should come to an end and sales nationwide should be about 20 percent higher next year, Yun said.

The percent of overall volume increase locally could vary between 10 to 20 percent because of job market recovery.

"Some markets will see a faster job market recovery, other markets will be lagging behind," he said. "A fast job recovery, I think, will be the case in South Carolina and Greenville."

A reason for that, he said, is this area did not experience the housing bubble like many other parts of the state and thus there was no need for a price correction to occur.

And, while coastal areas of the state, with large numbers of second home purchases, did see large price spikes and subsequent declines, it's an area now showing signs of recovery.

People, he said, are recognizing the bargains and trying to catch the prices before they begin to rise.