BUSINESS

UPSTATE HOME PRICES RISE

Drop in inventory driving trend, experts say

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Home prices in the Upstate followed a national trend of increasing in October due mainly to inventory decreases.

In the Greenville-Mauldin-Easley metro area, home prices, including distressed sales, rose by 4.9 percent in October, compared with October 2011, according to a new Home Price Index (HPI) released Tuesday by CoreLogic. On a month-over-month basis, home prices, including distressed sales, increased by one percent in October 2012 compared to September 2012, CoreLogic said.

Nationwide, home prices, including distressed sales, increased year-over-year by 6.3 percent in October, marking the biggest increase since June 2006 and the eighth consecutive increase in home prices nationally on a year-over-year basis, CoreLogic said. Home prices decreased by 0.2 percent in October 2012 compared to September 2012.

Anand Nallathambi, president and chief executive officer of CoreLogic, said "reduced inventories and improving buyer demand" are contributing to stability and growth in home prices.

Walter Molony, spokesman for the National Association of Realtors, said inventory is the lowest it's been in 10 years. As a result, the NAR expects home prices to show a 6.6 percent gain this year and another 4.5 or 5 percent gain next year, he said.

But the long term outlook for price increases is dependent, to a great extent, on housing starts, Molony said.

"If housing starts can ramp up to normal levels or production, we'll see prices increase at normal rates which would be inflation plus one to two percentage points," Molony said. "If they don't and they stay at suppressed levels, we could be seeing additional pressure on home prices. Instead of rising 4 or 5 percent, they could be rising closer to 10 percent."

The NAR said the median existing-home price for all housing types was up 11.1 percent above a year ago in October. It marked the eighth consecutive monthly year-over-year increases, which last occurred from October 2005 to May 2006, the NAR said.

Nick Sabatine, chief executive officer of the Greater Greenville Association of Realtors, said the housing appreciation is normal based on what's going on in this market.

In addition to shrinking inventory, he said, homes are appreciating here because they are more realistically priced and more home sellers are taking value in their real estate agent's opinion on pricing.