

NORTH CAROLINA DEFIES REAL ESTATE TRENDS

By Tim Kent, CAE, Executive Vice President

In recent months, there have been a slew of reports across the U.S. about the softening real estate market.

On Aug. 8, economists at the National Association of REALTORS® predicted that, by year's end, 2006 national home sales would show a 6.5 percent decrease. In California, existing home sales were down 26 percent during the month of June. Florida showed a 29 percent decrease during June.

The news is a lot different here at home.

During the month of June, N.C. home sales were up 7 percent from one year earlier. After the first half of the year, N.C. existing home sales had shown a 9 percent increase as opposed to the first half of 2005. Pretty strong, especially when you consider our state has had five straight record years of existing home sales.

Researchers and investors alike are beginning to figure out that North Carolina real estate offers remarkable value. A HouseHunt national survey placed Charlotte at the top of a list for hot housing markets. Key factors include a large number of listings selling in 30 days or less and at least half of the sellers getting 100 percent or more of their asking

prices. Close behind Charlotte were cities such as Seattle, Nashville, Salt Lake City and St. Louis. According to the Carolina MLS, which serves the greater Charlotte area, home prices jumped 12 percent from June 2005 to June 2006 while unit sales were up 24 percent.

Another survey, this one by Local Market Monitor, says Fayetteville is the most undervalued real estate market in the U.S. The average sales price in Fayetteville during June was \$127,804 with a median price of \$175,800. Based on factors such as local economic growth, construction costs and household income, homes in the Fayetteville market are priced 21 percent lower than what they should be.

Then there's the Raleigh-Durham area.

Research from Veros Real Estate Solutions projects that home prices in Raleigh and Durham will rise about 8 percent over the next year, tying Tampa for the fourth-highest rate and trailing only Seattle, San Bernardino, Calif., and

Jacksonville, Fla.

It's not just the N.C. urban markets that are doing well. Other leading success stories include Pinehurst and Brevard, where year-to-date price appreciation is up 24 and 19 percent, respectively. Total sales dollars are up 44 percent in Jacksonville and 38 percent in

Catawba Valley (Hickory).

Commercial real estate in our state has made a big rebound. In particular, the downtown areas of Charlotte, Raleigh, Durham and Greensboro are attracting investors for retail, entertainment and condo projects. The entire I-85 corridor is a magnet for development.

Not everything is rosy. The rapid growth in N.C. coastal areas has slowed considerably. When one looks at numbers like a 59 percent drop during June for unit sales in

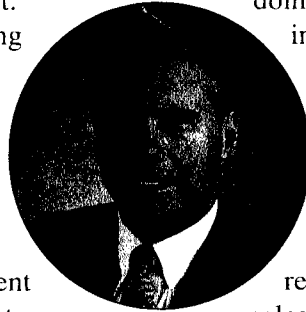
Brunswick County and a 49 percent drop on the Outer Banks, it's easy for the media to push the panic button. But keep it in perspective: Unit sales in Brunswick County have merely returned to 2002 levels while the average

home price has nearly doubled in just four years. The average price is \$316,703 today compared to \$166,624 in 2002. Average home prices in the Outer Banks have risen from \$399,679 four years ago to \$587,540 today.

Nonetheless, N.C. coastal real estate offers a lot of value compared to places like Florida or Cape Cod.

In the meantime, the N.C. REALTOR® membership continues to grow. As of Aug. 1, we have 39,525 REALTORS® in North Carolina – the 10th highest total in America and we are in a virtual dead heat with No. 8 Virginia and No. 9 Georgia.

Based on our current 9 percent growth, it looks like we will have about 143,000 existing home sales in our state during 2006. That works out to about seven transaction sides per NCAR member in a 12-month period. For those people in Congress and the media who think this business doesn't have enough competition, the numbers indicate otherwise. ■



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