

Local housing market braces for rebound

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Rollercoaster. Bumpy. Up and down. A rolling plain.

That's how some of those who make a living selling the American dream to aspiring homeowners describe the Columbus and Phenix City housing market so far this year.

And while 2010 as a whole is shaping up to be down slightly — flat at best — from 2009, next spring and summer could be a selling and buying bonanza as Fort Benning's long-awaited population expansion hits full tilt, they say.

"I don't see how you can drop nearly 30,000 people in a little market without there being a mushroom cloud of activity," said Jack Key, a partner with the Columbus real estate firm Coldwell Banker Kennon, Parker, Duncan & Key.

"It's really hard to project because we've never been through anything quite like this," Key said Friday. "But we anticipate a very brisk year in 2011. For now, everybody's just hanging on in a bumpy market looking forward to a good year next year."

That real-estate turbulence is apparent in Multiple Listing Service data that show 1,844 homes sold in the metro area through August, with a total dollar volume of \$258.9 million and a median value of \$140,408 per sale.

Compare that to 1,928 homes sold through August 2009 — as the severe national recession was winding down — for a total volume of \$286 million and a median value of \$148,346 per sale.

For Danny Amberson, it's been an up and down market this year, with phones ringing one month and going silent the next.

"Instead of steep mountains and low valleys, I have described it as a rolling plain, where the slow times are not too long and the peak times are not too long, either. That's the way it's been, it seems like, all year long," said Amberson, a broker with RE/MAX Champions Realty in Phenix City and president of the Columbus Board of Realtors.

Breaking down the local market further shows both the Georgia and Alabama sides of the Chattahoochee River experiencing slight declines in home sales through the first eight months of 2010 compared to the same period a year ago.

The exception is Russell County in Alabama, which has registered 443 sales so far compared to 419 last year. Of those contracts closed this year, 253 were in Phenix City and 190 were in the burgeoning rural community of Fort Mitchell, just outside the back gate of Fort Benning. There were 249 and 170 sales, respectively, in Phenix City and Fort Mitchell a year ago.

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But even Fort Mitchell, which had been on a hot streak for the last 18 months, is seeing its inventory rise as the overall market cools. The area had been stoked from a construction frenzy by Atlanta-area builders migrating here to seek local business.

“It dipped for several months, but we’re seeing a little more activity,” said Key, whose company markets properties in Fort Mitchell. “With the return of the 3rd Brigade, we’re seeing a lot of the new activity coming back.”

Fort Benning’s 3rd Heavy Brigade Combat Team, 3rd Infantry Division is in the process of returning from a yearlong deployment to Iraq. About 3,000 troops should be home by the end of October.

Those soldiers will be able to take advantage of a federal tax credit of up to \$8,000 for first-time buyers, with a deadline that extends to next spring. It was the same tax credit available to all U.S. citizens this year, a move meant to goose home sales across the country.

The stimulus did work, said homebuilder Dave Erickson, keeping his crews very busy into the spring and creating a burst of sales before tailing off in July.

Erickson, president of Columbus-based Grayhawk Homes, called this year an “interesting rollercoaster” that started off quiet before shifting into overdrive in late February.

“We were running as fast as seven and eight houses a week for a period of time there in terms of construction,” he said. “That kept us pretty busy all the way through June. Early July was actually doing pretty decent and then it steadily fell off... Right up until the last week or so it’s been pretty darn slow.”

The discouraging thing now is that there’s not a lot of people looking at houses, said Erickson, who is on pace to sell 175 homes this year in 15 subdivisions — about the same as in 2009 — and plans to maintain an inventory of more than 50 houses to handle any extra demand that may pop up.

Both Key and Erickson said they are seeing renewed interest in higher-end properties. Erickson, who builds homes starting around \$150,000, said he has been making sales at the \$300,000 level.

The Coldwell Banker office in Columbus, which recently was named the top performer in Georgia in 2009 by its parent company, has written more contracts for housing valued at \$750,000 and higher through the first six months of this year than in all of last year, Key said. In fact, a \$1.2 million home closed in the last few days.

“That was encouraging to us that there was movement,” Key said of the category that went virtually dormant during the recession. “There’s still a lot of inventory in the high end out there, and there’s a lot of competition in that range. But there are a few more buyers.”

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For the most part, the balance of this year should be a slower period, the real estate professionals said. Then, by March of next year, activity should begin to pick up as waves of soldiers and some civilian workers begin to relocate from Fort Knox, Ky., to Fort Benning.

The U.S. Army Armor School and Center is now in the process of moving from the Kentucky post as part of a 2005 federal Base Realignment and Closure decision. The combined infantry and armor Maneuver Center of Excellence is expected to add about 28,000 soldiers, civilian workers, contractors and family members to the Columbus area.

The influx of people should continue through the summer of next year, according to military estimates, with the federally mandated date to have the move completed by September 2011.

“We don’t know how big of a deal it’s going to be,” Amberson said. “We just know what the Army keeps telling us and what Fort Benning keeps telling us. We’re working with that, of course... If they buy houses like we’ve been led to believe they’re going to, it will be a seller’s market.”

Sandra Kittrell, an associate broker with ERA Platinum Brokers in Phenix City, certainly hopes the crush of new residents turns into a housing boom. The 16-year real estate veteran recently left a full-time mortgage processing job she had taken because of the sluggish real estate market and shrinking income. But now she’s back selling homes and ready for better times.

“I don’t want to give up my license,” Kittrell said. “I’ve been in it too long. I just want to give it a few more years to see if the market turns around ... And I’m hoping and praying that things get better. I don’t foresee it being as good as it was (in 2006 and 2007) — it was really good then.”

Key at Coldwell Banker said the coming year is shaping up to be very unique in the history of the Columbus housing market. Beaten-down home prices combined with record-low mortgage rates are the major factors for anyone sitting on the fence deciding whether or not to make a purchase.

“In general I would say it is a fantastic time to buy, especially if you’re moving up,” he said. “You’ve got prices that most analysts feel like are pretty much in the trough right now. You’ve got interest rates that are historically rock bottom right now. And that’s a very unusual coupling. So the thought is, now is the time to buy if you can.”