

TREFFER APPRAISAL & ADVISORY GROUP

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2010 Overview

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Grand Strand Market

Where Are We, and Where Are We Going??...

The Coastal Carolinas Association of Realtors Market Analyst, presented by Tom Maeser, Executive Vice President for Continuing Education- Horry Georgetown Technical College.

Real Estate Overview- The National Market ...

- The real estate industry makes up approx. 15% of the U.S. economy (Included mortgage & related industries).
- 1,132,903 million REALTORS® nationwide (766,560 REALTORS® in 2000-highest 1,357,732 in 2006) New homes starts off by 15%-- Permits off by 43%.
- For sale by owners transactions make up 13% of the market.
- First time homebuyers make up 41% of the market.
- **National Association of Home Builders:** study shows 55% of all new home purchases were made by consumers between 18 and 40 years of age, displacing the Baby Boomer generation as the most active purchasers of new housing.
- **NAR 2009 Profile of Home Buyers and Sellers:** study shows 90% of the buyers use the Internet to search for homes and 87% of those used a real estate agent for the purchase.
- 47% of buyers were first time home buyers with a median age of 44.
- 62% of all buyers were under the age of 44.
- 39% of the mortgages were FHA loans.

In 2009, Horry County had 240,000 parcels of property on the tax rolls- 66% of them were assessed at the 6% rate (158,400) as commercial or non-owner occupied/investor types of property. Leaving 34% (81,600) assessed at the 4% rate, in 2007 the number was 67% showing very little change.

Historically the Contribution of Real Estate to the Economy in South Carolina :

- Real estate firms provide 62,348 jobs in S.C. or 2.7%--\$528.7 million wages & salary or 1%
- Real estate workers earned \$1.37 billion personal income or 1.3%
- Real estate is 8% to 11% of Gross State Product
- In 2005 Horry County had \$12,000,000 excess due to growth-permits and other building related fees

Horry County Residential Construction Permits

Year	Single- Family Units	Multi-Family Units	Total
1994	386	202	588
1995	1,940	1,263	3,203
1996	1,944	2,053	3,997
1997	2,122	2,398	4,520
1998	2,090	3,138	5,228
1999	2,137	2,624	4,761
2000	1,907	2,585	4,492
2001	2,030	2,238	4,268
2002	2,432	1,585	4,017

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2003	3,363	1,767	5,130
2004	4,253	2,815	7,068
2005	6,471	5,357	11,828
2006	6,452	3,851	10,303
2007	3,780	1,455	5,235
2008	1,850	1,130	2,980
2009	1,447	254	1,701

Georgetown County Residential Construction Permits

Year	Single- Family Units	Multi-Family Units	Total
1995	458	102	560
1996	570	69	639
1997	546	618	1,164
1998	632	266	898
1999	613	256	869
2000	483	164	647
2001	478	51	529
2002	537	129	666
2003	508	219	727
2004	604	183	787
2005	740	313	1,053
2006	637	136	773
2007	334	28	362
2008	231	0	231
2009	125	4	129

Grand Strand MLS Market-All Sales

	\$ Volume	% Change	Units	% Change
1996			5,034	
2002	\$1,224,152,046	+163%	8,251	+64%
2003	\$1,520,682,430	+ 24%	9,671	+17%
2004	\$2,381,731,161	+57%	12,816	+32%
2005	\$3,897,913,554	+64%	18,059	+40%
2006	\$3,537,528,308	-10%	17,884	- 1%
2007	\$2,683,286,021	-24%	10,315	-42%
2008	\$1,598,601,073	-40%	6,888	-33%
2009	\$1,382,267,609	-14%	7,062	+3%

What Happened?? The Perfect Storm.... a few of the reasons...

- **Foreclosures** have created an adjustment to the overall market regarding pricing that has caused the overall average price of residential (S/F & Condo) to drop 14% in 2009. In 2007 Horry county had 970 foreclosed properties, in 2008 that number almost tripled to 2,730 properties-(180% increase-17% of S.C.)-S.C had 16,136 foreclosures in 2008.
- **Short Sells** when the lender allows the property to sell for less than the amount due on the mortgage, lowers the property values and very few close, leading to more foreclosures.
- **Appraisers** are using distressed properties (foreclosures and short sales) as comps and not adjusting for that fact due to the lenders feeling that they are the market right now--this may be true but it is seriously affecting our recovery, recovery will occur when supply is down and prices start to go up.
- **Lending restrictions by the Feds** Fannie Mae, FHA, and Freddie Mac have tightened rules for lending and causing certain lending situations to be ineligible for financing.
- **Rapid appreciation/depreciation** in 2005/2006 too rapid appreciation took place causing way below market prices to accelerate too quickly putting strain on investors ability to cash flow, add increased insurance, increased taxes, discounted rental rates, and world-wide economic problems.
- **Sellers still at 2005/2006 pricing mentality---buyers at 2009 pricing mentality**

There are positive things happening..... to name a few...

- **Baby boomers** are still out there and have a lot of money--they are retiring and want to be in warm places-many have been hurt by the stock market but when that comes back real estate will be a very popular option.
- **Prices** are now at 2004 (single family), and 2004/2005 (condo) levels---it is a great time to buy---not so hot if you are a seller.

- **Reasons to buy investment property** has changed:

2008/2009	2005/2006
Personal use	Appreciation
Rental Income	Rental Income
Appreciation	Personal Use
Tax Advantage	Tax Advantage
- **Oceanfront pre-construction is greatest potential for investor** greatest resource is still "The Ocean" and oceanfront property.

To read the complete article please go to our website: www.trefferappraisals.com and click on the page **Article and Newsletters** on the side menu or click on the link below.

http://www.trefferappraisals.com/images/2010_Overview_Horry_Georgetown_Technical_College.pdf

...the value of experience. With over 35 years experience let us assist you with valuating your assets in this very challenging economy, you need an appraiser that is staying on top with all the issues.

Sincerely,

Emerson Treffer

Treffer Appraisal & Advisory Group
 O 843-235-8460 F 843-235-8470