

# Home value grows

## MB in Top 20 in price appreciation

By Jenny Burns  
The Sun News

Myrtle Beach ranks 11th in the nation in one-year price appreciation for single-family homes, according to a study by the Office of Federal Housing Enterprise Oversight.

The ranking - 23.8 percent - was for the second quarter.

Myrtle Beach also topped the nation in quarterly price growth - ranking third in appreciation between the first quarter and second quarters of 2006 with a 6 percent increase. Only Bend, Ore., and Grand Junction, Colo., were higher.

The metropolitan statistical area of Myrtle Beach-Conway-North Myrtle Beach hasn't ranked in the nation's Top 20 for appreciation since 1997, said Andrew Leventis, economist with the Office of Federal Housing.

"It means that the super high end of the U.S. real estate market - the cities that have had tremendous high appreciation rates - are starting to come down. And places like Myrtle Beach appear to be continuing on," Leventis said.

The federal agency, which oversees big mortgage-finance companies Fannie Mae and Freddie Mac, tracks the average price of repeat sales and refinancings of single family homes and then ranks 275 cities by appreciation each quarter.

S.C. and N.C. cities haven't been in the Top 20 for many years, while Florida and California markets have consistently been on top.

But this year, Myrtle Beach and Wilmington, N.C., reached the Top 20 - with Wilmington at 16th - signalling that the two Carolina markets are outpacing larger markets around the country.

"In general, markets in Florida are deciding to decelerate pretty rapidly. Based on this new data, it looks like the Myrtle Beach market and other areas are not decelerating as much as the south Atlantic," Leventis said.

Naples, Fla., ranked 10th at 24.3 percent - just above Myrtle Beach - and Daytona Beach, Fla., ranked 12th.

Nationwide the numbers show a different trend.

U.S. home prices continued to rise in the second quarter but showed the biggest slowdown in three decades.

Average home prices rose 1.17 percent in the April through June period, compared with 3.65 percent in the second quarter of 2005 - the biggest decline in price growth since the Office of Federal Housing started keeping track of home prices in 1975, the report showed.

The agency cited higher interest rates and rising inventories of homes for sale as factors in the slowdown in price growth.

Leventis called Myrtle Beach's appreciation an anomaly compared with the rest of South Carolina.

Local analysts contend the national study proves that the Grand Strand single-family market has a strong future - despite a spike in inventory and slight drop in sales.

In Horry County, sales of resale single family homes dropped 6 percent in the second quarter but the average price jumped 7 percent, according to Market Opportunity Research Enterprises, a real estate research firm in Rocky Mount, N.C.

"The crystal ball says that we're in an adjustment period. We're not headed for disaster and not in that bursting bubble. We're in an adjusting market," said Tom Maeser, local market analyst and president of the Fortune Academy of Real Estate.

Helping the local market are baby boomers, who are moving in increasing numbers to the Carolinas.

"I think you are going to see continued strength in the housing market in Myrtle Beach as retirees flock to the area," said Al Parish, economist at Charleston Southern University.

Parish added he doesn't expect single-family appreciation to be as high as 23 percent next year. He says prices will increase about 8 percent.

"Despite the appreciation, Myrtle Beach is still a good buy [compared with other coastal cities]," Parish said.

Meantime, single-family building continues. Permits for single-family homes increased 7 percent in the second quarter, while condo permits dropped 34 percent from last year.

But single-family lot sales fell 11 percent, signalling a downshift in land acquisition by developers, Maeser said.

The federal housing agency doesn't track condo markets, which on the Strand has seen a 26 percent drop in resale condos, but still increased 3 percent in year-over-year average price.

**The national report also found:**

The South Atlantic area - with Delaware, the District of Columbia, Maryland, Virginia and Florida - registered its biggest slowdown in prices since at least the early 1980s. Its rate of increase from the second quarter of 2005 to the same period this year was 13.7 percent, far below the 17.4 percent rise posted from last year's January-March quarter to the first quarter of 2006.

Home prices continue to increase relatively strongly in Louisiana and Mississippi, the two states hardest hit by Hurricane Katrina a year ago. Year-to-year rates for the second quarter were well above the national average in several metropolitan areas in the affected area, including New Orleans-Metairie-Kenner and Baton Rouge in Louisiana, and Gulfport-Biloxi and Pascagoula in Mississippi.

*The Associated Press contributed to this report.*