

Housing market favors buyers Inventory packed as condo sales slip

By Jenny Burns
The Sun News

The buyer's market continues on the Grand Strand as condominium sales continue to slide, making little dent in a ballooning inventory.

But single-family sales have held their own, topping last year's record sales.

Condo sales dropped 31 percent in third quarter 2006 to 5,003 from 7,269 in third quarter 2005, according to the Multiple Listing Service for Horry and Georgetown counties.

Single-family sales increased 1 percent to 4,506 from 4,452.

Real estate brokers say some condo prices are being cut, but single-family prices are holding steady.

Insurance increases have especially hurt an already slow condo market where agents say they've lost sales in part because of a spike in homeowner's association dues.

Except for the higher inventory, the third-quarter market data, released Wednesday, mirrors second-quarter numbers.

Analysts said they expect renters to consider buying as condo prices fall.

"With annual rentals as high as they are, it doesn't have to lower too much to be good for a renter," said Tom Maeser, market analyst and president of the Fortune Academy of Real Estate.

That will help to absorb the growing inventory.

Analysts say it will take more than a year to clear out the 10,493 condos on the market. About 4,946 condos were on the market this time last year.

The market's 5,291 single-family homes may take 10 months to be absorbed, said Rod Smith, director of general brokerage at Coldwell Banker Chicora. About 3,305 homes were on the market this time last year.

"Condos are still moving, but slowly," Smith said.

"As long as single-family is priced appropriately, it's selling well."

Year-over-year prices show a 13 percent increase in single-family median price and 20 percent increase in condo median price, but quarter-to-quarter prices are increasing in inches. Single-family homes are up 3.5 percent in the third quarter compared with the second quarter, and condos are up 0.5 percent on the quarter.

"I don't look at it as a bad market. There are just two kinds of markets - buyers markets and sellers markets," Maeser said. "We're just going through a correction right now."

Smith said sellers are having trouble backing away from the price their home would sell for in 2005.

But buyers are aware the market has softened and aren't willing to buy at any price.

September and October have historically been good sale periods for condos on the Strand, but brokers aren't seeing it pick up this year.

"It's slower right now. You can feel it," said Rachel Broadhurst, president of Century 21 Broadhurst.

Maeser and brokers say the market will likely be close to the same at year's end, with condo sales still down and inventory remaining high.

Maeser said the market is losing its rental income investor.

Some have turned to the stock market after several years of investing in real estate.

But the loss of the flippers - attracted to a hot condo buying frenzy - isn't a bad thing, he said.

"It's not healthy to have that for too long. This has been good for the market," he said.

Grand Strand market

Third quarter 2006 compared with third quarter 2005:

Single-family homes

Sales up 1 percent to 4,506

Listings up 60 percent to 5,291

Days on market up to 143 from 104

Median price up 13 percent to \$204,900

Condos

Sales down 31 percent to 5,003

Listings up 112 percent to 10,493

Days on market up to 186 from 89

Median price up 20 percent to \$179,900

Source: Multiple Listing Service