

Why Buy Now!!!

[USA Today](#) reported last week on Census Bureau estimates showing that South Carolina was the 10th fastest growing state in the country, with a population increase of 395,893 between 2000-2007. Overall, South Carolina has grown by 10% over the last seven years for a total estimated population of 4.4 million.

- **2008 will be a year of opportunity where there will be serious, healthy business in South Carolina.** Furthermore, NAR's economists predict that the market will return to normal by 2009.
- One of the biggest mistakes that reporters make is talking about national trends. Nationally, 2007 was the fifth best year ever on record (6th for South Carolina). Home prices declined about 1.5 percent (flat in South Carolina) after a 50 percent run up in prices.
- The challenge is that national numbers are pretty much irrelevant. Talking about national averages is about as effective as having a national weather forecast. Like the weather, all real estate markets are local. In fact, you may have a buyer's market and a seller's market operating within a single market area based exclusively upon price point.
 1. New housing starts: Even though these are dropping, there was too much building in recent years. The market is simply adjusting to normal supply-and-demand pressures. The inventory is "being controlled, which makes stabilization occur more quickly."
 2. Foreclosures: According to NAR, the 41 percent increase in foreclosures has resulted primarily from investor-heavy real estate purchases in Arizona, California, Florida and Nevada. The majority of these individuals are flippers, whose investments did not payoff. More importantly, the number of foreclosures in Utah, New Mexico, North Carolina and South Carolina (44th overall in number of foreclosures) is actually declining.
 3. Under-priced markets and superstar cities: Although coastal markets are still overpriced, Middle America is under-priced. Nevertheless, NAR Chief Economist Lawrence Yun cites a new trend termed, "superstar" cities. These cities will command premium prices, regardless of what the market does. There is so much wealth concentrated in these areas, that measurements are simply not predictive. In addition to London, Paris, Tokyo and New York, Yun also identified San Francisco, Miami and Seattle as potential new superstar cities.
 4. **The recovery has started:** Other than the three states hit heavily by job losses in the automotive industry (Indiana, Michigan and Ohio), the states that first experienced a downturn in the Northeast, are now in recovery. Specifically, Connecticut, Massachusetts, New York and Rhode Island were the first to feel the slump and are now well into a recovery. Furthermore, there appears to be a pent-up demand for first-time buyer properties due to a large number of Gen Y's (born 1977 to 1994) that are now buying their first homes.

Falling interest rates will motivate many of these buyers to step into the market now.

5. New jobs and corporate profits are still strong: Corporate profits are still strong with companies as diverse as Microsoft and Jack Daniels reporting close to record profits. Furthermore, the economy has generated 4 million net new jobs and wages are rising.
6. A weak dollar may harbinger more foreign investment in U.S. real estate. Although the decline of the U.S. dollar will end up costing us more when we go overseas or purchase imports, it has resulted in more manufacturing jobs returning to the U.S. It also may mean more foreign investment in U.S. properties as well. Just a few years ago, the Canadian dollar was only worth 70 cents in U.S. currency. Today, the Canadian dollar has been hovering at about \$1.05 to \$1.10 U.S. What this means is that we can expect more Canadians and Europeans to be purchasing U.S. property, because our prices are approximately 50 percent cheaper than they were just three years ago.
7. Real estate: Still the best shelter: For those agents who represent reluctant first-time buyers, Yun points to some interesting research from the Federal Reserve. Between 1995 and 2004, the average renter accumulated \$4,000 in wealth. In contrast, the average homeowner accumulated \$184,400. Furthermore, the typical homeowner holds their property for six years. Within this period of time, NAR's research shows that approximately 97 percent of the homeowners will have a positive equity position after that period of time.

Bottom line: 2008 represents the best window that buyers will have to find excellent deals with excellent financing. Get the word out there. If they wait, prices and interest rates will be higher and the reluctant buyer may be forced out of the market.

Have a great 2008!

Jeff Hunt

Dunes Marketing Group
P.O. Box 21326
Hilton Head Island, SC 29925
www.jeffhuntrealty.com
Toll Free (800) 258-5202
Office (843) 842-1111
Cell (843) 422-5933
Fax (843) 785-9824