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Area home prices are showing signs of life

Overall, the Charlotte market is holding up better than many others around the U.S.

By Stella M. Hopkins

shopkins@charlotteobserver.com

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Realtors are lowering home prices in some Charlotte neighborhoods as sales lag in a weak economy.

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Second-quarter sales for the eight-county region fell 37 percent compared with a year ago.

July MLS sales, a different measure, were down 30 percent.

Second-quarter building permits for the region were down 52 percent.

Mecklenburg County permits hit lows in July not seen since at least 1998.

Charlotte-area home prices show signs of strengthening even as a popular measure of home appreciation on Tuesday registered a third consecutive decline.

Home prices declined 1 percent for the 12 months through June, according to the S&P/Case-Shiller Home Price Index. That was the region's largest drop of the current downturn. But it was the best showing of the 20 major urban markets in the monthly index and well below the group's record drop of nearly 16 percent.

On an encouraging note, Charlotte prices have been logging slight gains when compared with the previous month. On an annualized basis – if the gains of the past three months held up for a year – Charlotte home price appreciation would near 7 percent. Experts use such calculations to gauge where prices might be headed.

“Charlotte appears to have troughed out earlier this year and be headed up,” said Wachovia analyst Adam York. However, he said, that’s “stabilization at best for now.”

Another less volatile index released Tuesday showed area home prices rose 5.2 percent for the 12 months ended June 30, according to the Office of Federal Housing Enterprise Oversight. That’s less than the 6 percent gain the region showed through March, but better than the nearly 2 percent overall decline in the most recent report.

Charlotte's gain ranked No. 7 out of OFHEO's 292 markets, a sign of the region's comparative strength amid an historic housing downturn.

“No housing market is immune to the national problems or the slower economy, but Charlotte is holding up relatively well,” York said. “We're not seeing a collapse.”

Both indexes evaluate repeat sales of single-family homes, an important gauge of changes in value. They add to the picture of the region's housing woes, which have included sharp drops in sales and new construction.

Nationwide, sales of new and existing homes also are way down compared with a year ago, according to reports this week. But both saw increases from June to July. Locally, the number of closings was about the same in June and July, according to the Carolina Multiple Listing Services, which captures most existing and some new home sales. That flattening could signal the hoped-for market bottom.

Charlotte market experts have said the second quarter will have been the worst, but recovery will be slow to come. Consumers remain weighed down by high prices for food, gas and other needs. Mortgage lending remains tight. Layoff fears loom large.

“This is definitely the slowest in my 17 years,” said Lauren Farlow, a Realtor with Coldwell Banker United. “There's just a lot of inventory on the market, and people have options. Unfortunately, the prices are having to adjust down a little bit.”

One of her listings, in trendy Plaza Midwood, went on the market in April at \$335,000. A second price cut, this month, brought the asking price to \$309,900.

“We were optimistic for a better spring market,” Farlow said.

Measurement tools

Home price reports can be confusing because of the variations, but they're all useful.

OFHEO's index is the broadest geographic measure. The federal agency, with oversight for Fannie Mae and Freddie Mac, analyzes their mortgage lending information. The index draws on millions of transactions, but doesn't include subprime lending, many government-backed loans and the largest mortgages.

Case-Shiller covers a wider range of sales, including riskier subprime loans and what are called "jumbo loans." The broader mix means the index picks up more of the current market's volatility. That's one reason the index has shown steeper declines than OFHEO.

Two other measures also show declines. Both compare overall sales, not those of specific properties.

The region's median sales price for all homes sold during the second quarter fell 1 percent, compared with the same period a year ago, according to Market Opportunity Research Enterprises, a Rocky Mount firm that tallies sales data from public records.

In July, the average price was down nearly 4 percent for homes sold through the MLS, which accounts for most existing and some new home sales.

"People are just having to adjust from the incredibly aggressive market we had the past three years," said Marlyn Jamison, a Realtor for 22 years. "Nothing is business as usual."

She has a south Charlotte listing that started in February at \$335,000. A second reduction has taken it to \$315,000.

"Showings are very minimal, not just on this house," said Jamison, who is with Allen Tate.

Jamison and Farlow agreed August is typically slow because of vacations and parents who don't want to move at the start of a school year.

"If September and October come, and the phones aren't ringing, then you know the market is still slow," Farlow said. But, she added, "You keep calling people and marketing your listings ... get out there until it gets better. It will."

Stella M. Hopkins: 704-358-5173



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