

# THE COUNTY EDGE

## Developers press through housing slump

### Ripple effect hits Cureton, Millbridge

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Above, developers hope completed amenities like the Millbridge club house will attract buyers.

WAXHAW - Developers in Union County are feeling the pinch of a sagging housing market as builders struggle to stay afloat.

What stands to be one of Waxhaw's most prestigious communities in Cureton and another the town's largest subdivision in Millbridge, both are trying to fight through an economic downturn that's taking plenty of prisoners. Add the projects' capital investor seeking bankruptcy protection and survival would seem bleak. But, GS Carolina vows to successfully finish what they started in the master-communities of Cureton and Millbridge.

Although homes sales here are not plummeting as badly as experienced in other parts of the country, there is a local ripple effect.

The same crisis that has overtaken many of the national builders buried Virginia's L.M. Sandler & Sons - the original financier behind Cureton and Millbridge. Sandler's involvement in projects as far away as Florida, Arizona, and Las Vegas took a devastating hit when the downturn struck there first.



The signature mill house at Waxhaw's Millbridge, which is set to become the town's largest subdivision.

Consequently, Cureton's commercial component is for sale. It remains only partially complete, but anchored with a few key tenants and out parcels.

Sandler's downward spiral is one the latest hurdles that GS Carolina must combat as they proceed to complete a major undertaking that will eventually define present day Waxhaw.

As for GS Carolina's Cureton and Millbridge, the company currently deals directly with the bank that backed Sandler as it works toward completion. Since the collapse, banks have become more cautious about lending money and how it releases money for construction-related projects.

A bank official first balked about releasing funds to complete Millbridge's clubhouse, preferring to wait until sales improved. But, once Tom Scott, GS Carolina principal partner, explained that the amenities would help bolster sales, the bank agreed to release the money.

"They're (banks) more difficult with giving out money," Scott said. "Banks get their money back from sales."

This area's slowdown followed the housing crunch that began in other parts of the country. Transplants moving here are forced to lease an apartment until their existing homes sell.

"When you can't sell the home you're in, you can't buy a new home," Scott said.

"We have people anxiously wanting to sell their home and move to this area," added Patty Rainey, Launch Marketing that represents GS Carolina.

Estimates show that sales are down in Cureton and Millbridge about 30 percent. In 2007, there were 113 lot sales in Millbridge, compared to 38 home sales through July 2008. There were 131 home sales in Cureton last year and 41 so far this year. There have been 41 sales in Edenmoor,

Millbridge's connecting sister community in Lancaster County, S.C. Sales began to steadily decline during the summer last year.

Plans call for 724 homes in Cureton and nearly 2,000 in Millbridge.

Homes below the \$400,000 threshold continue to sell while houses above the price point are dormant. Move-up buyers tend to purchase the larger lots.

Only a select number of national builders were selected to build in Cureton and Millbridge. The five builders were required to buy so many lots within a specific period of time. But, as the building slowdown spread, those seemingly financially secure builders began experiencing cash problems. Two went under, leaving only three.

"What happened with the downturn was that quite a few of our builders were not able to buy lots," Scott said. "Some have defaulted on their contracts. When the market turns, we'll be able to sell the lots."

Other variables have contributed to the local building woes. Banks have been too liberal with loans as more investors worked to cash in on the wave of home sales.

"We had people buying houses for investments and not as homes," said David Guy, GS Carolina partner. "That's what killed the market. It was too easy to buy a house. Hopefully, we'll get back to buying a home."

GS Carolina has since begun to adjust by changing strategies. They're reaching out to more local builders. But, all builders find themselves in similar situations - an economic climate where banks are cinching their belts.

Although GS Carolina is facing its own set of challenges, other county developers are feeling the economic pinch along with an increasing shortage of water and sewer capacity.

"This slowdown is actually giving the county time to better plan for infrastructure," Guy said.

GS Carolina has an edge by having secured sewer capacity before beginning construction. In fact, others were able to piggyback on the sewer infrastructure such as Kensington Elementary School and subdivisions Anklin Forest, The Reserve, and the Chimneys at Marvin.

But, GS Carolina, which also developed Waxhaw's Quellin and Indian Trail's Callonwood, has made significant investments in the town of Waxhaw at more than \$20 million in total public improvements. GS donated the land for Kensington and its trunk sewer line. They constructed sewer infrastructure that pumps wastewater from Waxhaw to Charlotte Mecklenburg Utilities Department.

GS Carolina will soon dedicate the 60-acre Waxhaw Park to the town that includes a road. There will be more than eight miles of a public greenway between Cureton and Millbridge. GS funded

the nearly \$3 million Cureton Parkway that connects Providence Road and Waxhaw-Marvin Road and includes a bridge. Plans include the town taking in the private road.

Cureton's commercial component and Aston's project on the opposite side of Providence Road figures to be Waxhaw's economic gateway.

Developers warn that if growth continues to founder, residents could bear the expense.

"I wonder how this (slowdown) is going to impact municipal and county budgets?" Guy said. "If you don't have the growth, you're going to have to raise taxes."