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## What's behind Charlotte's rebound in home sales?

### Buyers rush to take advantage of falling prices, low interest rates and big tax credit

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Low interest rates, a hefty tax credit, price discounts and pent-up demand helped push Charlotte-area home sales last month to their first gain of the downturn - and a big one at that.

Last month 2,210 houses, townhouses and condos sold in the region, up nearly 20 percent from October 2008, according to results released late Tuesday by the Charlotte Regional Realtor Association. That was the first yearly gain since February 2007, when the national housing slump began to hit the Charlotte area.

"If every month was like October, I'd be so skinny," said Realtor Cindy Crisp, a slim woman who has been working through lunch and missing dinner dates. "My phone has been ringing all the time. It is like the good old days."

The big jump is the most robust signal yet of the local housing industry's recovery but still leaves sales below the 2003 level. The region's housing market held up for about two years into the national decline and also has lagged in the rebound. Existing home sales nationwide, for example, began rising in June compared with a year earlier.

The association's Carolina Multiple Listing Services accounts for nearly all transactions in the Charlotte area but doesn't distinguish between new and existing home sales.

Area prices continued a downward trend last month, with the average price falling 9.5 percent, to \$196,204. Foreclosures and distressed sales, typically at deep discounts, are weighing on prices.

This fall's sales results benefit by comparison to a very weak year-ago period, when the nation's financial system imploded. For Charlotte, that meant the loss of Wachovia's

headquarters and spiraling fear of job losses. Area housing sales began a nose dive in October 2008 that continued through the winter.

The first-time homebuyers tax credit of up to \$8,000 has been a heavy sales driver, boosting deals here and nationwide while raising questions about what will happen when it ends. The credit had been due to expire Nov. 30, which brought a recent crush of sales contracts and mortgage applications to beat the deadline. President Barack Obama last week signed legislation extending the credit to June and expanding it to existing homeowners.

The deadline rush helped push pending sales up more than one-third last month for MLS transactions. That's the second month in a row for a gain in pendings, which are signed contracts that haven't yet closed. They are an important barometer of closings to come.

Allen Tate Mortgage saw the number of mortgage closings increase 21 percent last month compared with a year ago, said Chris Cope, president of the Charlotte firm, which is part of the Carolinas' leading real estate company.

November looks even stronger, he said, with loan closings on track to "be up well over double."

Bill McConnell, with Cunningham & Co. Mortgage Bankers in Charlotte, had a "great month" in October and also expects a good November. However, he cautioned, "We do have to put things into perspective."

A few years ago, a great month meant \$5 million or more in loan closings. These days, anything over \$1 million is a big deal, he said.

"It's going to be a while before we bounce all the way back," he said. "We've got to take baby steps."

Cope and McConnell said loan amounts are mostly in the smaller range that would be typical of first buyers. The extended first-timers' credit is likely to continue propelling sales, mostly well under \$200,000.

Crisp, who is with Allen Tate and has been a Realtor for more than five years, is working with two young couples who didn't find the right deal to get the first tax credit. But they're eagerly looking now, determined to take advantage of the extension.

However, local industry players are uncertain whether the new credit, of up to \$6,500 for existing homeowners, will be as successful in boosting sales of mid-range and higher priced "move-up" homes.

Worries about job loss could make people unwilling to take on a bigger mortgage. And they may be concerned about pressure to cut their asking prices. Those fears might be offset by low mortgage rates, which could enable people to buy a bigger house without as steep an increase in payments. And they're likely to find good deals, too

The market continues to struggle with rising foreclosures.

"My desk is a mess right now," said Brandy Gaiser, a Realtor with ReMax Executive Realty, who has specialized in selling banks' foreclosed properties since 2001. "Anything under \$200,000 is really going quickly."

But she also sees higher priced properties starting to sell. For example, Gaiser has an all-cash contract for a Dilworth foreclosure, listed just under \$600,000.

Providing more signs of an early recovery, McConnell, the mortgage consultant, said he has two loan applications for more than \$600,000 each. He hasn't seen many in that range in a long time.

Real estate broker and builder Ellen Smith had several houses languishing on the market for close to a year. This month, she sold one in Cotswold for nearly \$800,000 to a buyer relocating for a job. Her Banister Homes also has a Dilworth house under contract for nearly \$1 million.

"We've seen so much more activity lately," she said. "People are starting to feel a little better about the economy."



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