

New Homes Sales

By Everett Ballenger. Owner/B.I.C. Ballenger Realty. Former President Beaufort County Association of Realtors.

Nationally sales of new single-family homes declined 8.1 percent to a seasonally adjusted annual rate of 283,000 units in October. It was the fourth time the sales rate has dropped in the past six months. New home sales were just 2.9 percent above August's pace of 275,000 units — the lowest level on record dating back to 1963! New home sale account for only about 6.7% of the total single family homes sold nationally.

It seems like October was a “difficult” month for home sales, but if we take the year overall, the numbers are a little better, although the percentage of new homes to previously owned property remains about the same, as pre-owned homes were also down. The reason for looking at the national picture is to compare it our local new home market.

As of Nov 14th there were 367 single family homes sold in the five main areas we cover (Beaufort, Mossy Oaks, Port Royal, Burton and Lady’s Island) and of these 47 were “new homes.” I entered dates 2010-2011 as construction dates in my search, because it is quite feasible a house constructed in 2010 was sold in 2011. As can be seen by the following chart new home sales in northern Beaufort County equates to 12.8% of houses sold and when compared to the national rate of 6.7% northern Beaufort County is doing twice as good as the nation in general in regard to new home sales..

Area	New Sales	Total Sales	% Total Sales
Beaufort	3	39	0.07%
Mossy Oaks	0	43	0.0%
Port Royal	3	36	0.08%
Burton	25	120	20.0%
Lady’s Island	16	128	12.5%
Total	47	366	12.8%

Certainly Burton and (as usual) Lady’s Island are doing very well for new home sales. Not naming any particular companies for fear of leaving anyone out, the Burton numbers could be attributed to two national companies having reasonably strong sales this year. There are of course smaller developments that offer a fine product at a very reasonable price, especially on Lady’s Island. And talking of prices, new homes have become such outstanding value for money, it may make anyone trying to sell a pre-owned home in a competing market, somewhat more difficult. In the past, one of the major advantages of buying pre-owned house, was it would normally be less expensive than a comparable sized new house. Lot prices, labor, and building materials all contributed to the differential. But today some developments are almost giving lots away, labor costs are substantially less although building materials can still fluctuate. With improved design and construction, new houses are certainly “greener” (energy conscious) than many of the older homes. Some buyers, for a variety of reasons, just have to have new! They do not

want a house others have lived in and in today's market more and more can afford that luxury.

Of course none of this is any comfort to a seller trying to sell an older home. But they should take heart for new homes are not always available and buyers sometime have to wait many months for construction. There may not be new houses in the particular area the buyer or buyers want to live (schools etc.) and just as there are folks that want "new" there are many others that like the character of an older house – especially in the city. Older homes quite often have larger lots, which can be attractive to some buyers.

It may not seem like it when compared to the "good old days" but the Beaufort area is doing quite well in regards to new home sales when compared to the national picture. When demand does increase for new houses, be prepared to see prices increase quite quickly. The number of new houses under construction at the present time is small and when the market does turn around, there is a limit to the amount of properties available to soak up any increase demand.

On a personal note I will not be writing an article next month so allow me to take this opportunity to wish each of you an enjoyable holiday season and a Happy New Year.