



From This Side of the Fence

Housing Boom Still Strong in the Midlands

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The Federal Reserve Board may be raising interest rates, but one would never know it by looking at the housing market of Columbia, South Carolina. Demand for housing is at an all time high while interest rates remain at an all time low. Developers and builders are struggling to keep up with the buyers' demand.

According to the South Carolina Association of Realtors, 1,863 homes were sold in the first quarter of 2003. For the same time period this year, 2,002 homes were sold. This marks a 7.46% increase. According to Deanne Venable, Executive Vice President for the Greater Columbia Association of Realtors, part of the reason may be "due to the multitude of programs that now exist to help more people purchase a home. There are simply more people who now find homeownership a logical and affordable alternative to renting."

Currently, the City of Columbia sponsors several programs to assist buyers in purchasing or restoring homes within the city limits. From first time buyers to experienced owners rehabilitating a larger home, there's something for everyone. Not only does the city assist buyers with purchasing, but they also educate the buyer of the responsibilities associated with homeownership.

A federal program funded by the Nehemiah Corporation of America also helps buyers to purchase a home. This corporation assists purchasers with gift funds towards closing costs, up to 6% of the home's sale price. A private, not for profit organization, the Nehemiah Corporation has helped 178,000 families purchase their homes since 1997.



Perhaps this is the reason that the median price of homes sold has risen from \$124,000 in 2003 to \$126,000 in 2004. With interest rates at an all time low, coupled with assistance programs, Venable states, "It's a great opportunity for buyers to purchase more house than they normally would."

Many new homeowners have rushed to purchase in fear of the Federal Reserve Board raising their interest rates. "This doesn't necessarily mean the mortgage rates will also rise as a result of their policy," according to Paul Erickson, President of Gateway Mortgage Group. "Mortgage rates are not directly tied to the Fed's rates, but rather the bond market, particularly long term bonds. Investors who purchase long term bonds are interested in their yields and whether inflation will negatively affect them over time. If inflation stays in check, then mortgage rates should remain relatively low and the housing market should remain strong."

On a national scale, David Lereah, the National Association of Realtors' chief economist echoes Erickson's stance. "The cost of financing remains historically low and strong demand will push home sales to a record this year."

Edmund Monteith, Sales Manager for Mungo Homes, knows all about high demand. His company has been unable to build in the Lexington area for the past four years. Land zoned for subdivisions has become rather scarce in the area. "During the next three years, there will be much more development by Mungo Homes in Lexington, starting with the Hawthorne community," Monteith happily reports. This new development will have homes ranging from \$170,000 to \$230,000.

Monteith is also focusing his sights on the Northeast quadrant of Columbia as well. "We're developing 1,000 acres, just off Longtown Road, which will be the location of nine new neighborhoods."

The Irmo & Ballentine areas are also experiencing the overwhelming success of Mungo communities as well. "In Ivy Green, we have only five homes left," he says with urgency. "The garden home concept has grown in popularity over the last seven and a half years that I have been with Mungo. When I started, we really didn't sell very many. Now, half of our homes sold are garden homes." When asked why, Monteith says it is due to a changing population. "The aging population and younger home buyers with busy lifestyles really gravitate towards a garden home. They don't want the responsibility of lawn maintenance, so it's a great solution for many people."



Not only does Mungo build homes, but the company has long held the philosophy to give back to the community. In the past, they have donated land to develop schools in nearby neighborhoods, such as in the Milford Park subdivision. The current philanthropy is the donation of a home in the Traditions neighborhood to Habitat for Humanity. When all is said and done, Mungo will have contributed approximately \$200,000 to the charity with this home.



If past trends could predict the future, then a simple glance at the building permit statistics for Columbia would tell the tale. The estimated cost of the projects that building permits were applied for in 2003 topped \$1.2 Billion dollars, overshadowing the previous year's \$853,893,900 total. All indications are that construction in 2004 should easily exceed 2003.

As a Realtor and as a writer, this author finds the market to be on the upswing this year. In assisting buyers to find their home, it seems as though there are fewer selections this year than in previous years. Those looking to build are sometimes encountering waiting lists and sold-out communities.

To meet the needs of the growing population, the Columbia metropolitan area is expanding into what was considered rural just a few years ago. Once what was thought of as 'too far' are now becoming busy areas for real estate sales. Blythewood, Chapin and Camden are now the locations of choice for those buyers looking for properties with larger lots.

With the development of additional programs by federal, state and private organizations to assist buyers to become homeowners, along with low interest rates, there is no doubt that Columbia will continue its upward trend. More housing starts and more overall construction will spur the economy and attract additional residents as a result. With the influx of more Midlands residents, more homes will be needed in the future. The outlook is bright for those of us in the real estate industry, and for the overall Columbia economy.

