

Housing sales may keep pace

Slowdown could skip most of Triangle

DUDLEY PRICE, Staff Writer / News & Observer

The Triangle largely will be spared from a national slowdown in home sales that's expected next year, housing experts agreed Monday.

Job growth and moderate mortgage rates should keep Triangle closings -- on a record pace this year -- steady into 2006, according to speakers at an annual housing forecast conference sponsored by the area home builders associations.

"The idea of a housing bubble is not especially relevant around here," said Michael Carliner, senior vice president for economics for the National Association of Home Builders.

Carliner said home sales should be flat next year because the Triangle is experiencing more job growth than most other areas of the country. That's a positive message because home sales nationally are expected to decline 6.5 percent next year, he said.

Other forecasters foresaw an increase in Triangle sales.

Nationally, there are signs that a five-year housing boom is cooling. Although the Commerce Department reported last week that new home sales rose 13 percent in October, sales of existing homes dipped 2.7 percent. Construction of new homes and apartments was down 5.6 percent.

Carliner based his predictions on job growth that was 2.8 percent higher in October in the Raleigh-Cary area than a year ago, compared with 1.2 percent statewide and 1.4 percent nationally. He said sales could slow in Durham, where jobs were up 0.5 percent in October, compared with a year ago.

"Durham looks like it's getting a little overbuilt," Carliner said.

Ed Dunnivant, the regional director of Metrostudy, which tracks residential sales in the area, also sees no signs of a slowdown. The two-month inventory of finished, unsold homes is the lowest in 17 quarters, and homes are being sold as fast as they're started, he said.

"Everything we've built, we've sold," he said. An inventory of 22,000 lots is enough to meet building demand for 16 months, he said. "We're on top of the world."

Don Fraley, division president for M/I Homes, predicted another year of record sales in 2006. This year, the Columbus, Ohio, company will close on 175 homes in the Triangle. Next year he expects to sell 225 to 250 homes.

Dave Housfeld, division president of Drees Homes of Fort Mitchell, Ky., expects to sell 220 homes next year, matching the company record in 2001.

"We see continued, steady growth due to relatively low interest rates, and jobs are finally starting to rebound," Housfeld said. The average interest rate on a 30-year fixed mortgage fell slightly last week to 6.26 percent, compared with 5.81 percent a year ago.

Triangle home sales, which have been on a record pace every year since 2003, have increased every quarter this year compared with 2004. Third-quarter sales of new and existing homes rose 12.6 percent in the six-county area, compared with an 8.6 percent increase during the previous third quarter. There were 11,639 new and existing homes sold in the period, compared with 10,331 a year ago, according to Market Opportunity Research Enterprises, a Rocky Mount market researcher.

Closings increased 19 percent in the first quarter and 12.5 percent in the second quarter, compared with 2004. The increase comes despite rising prices; the average home price in the region was \$232,061.

Home prices rose 7.8 percent in the Raleigh-Cary market, according to the National Association of Realtors. Durham had a 6.4 percent increase. Nationally, median prices for existing homes were up 14.7 percent in the third quarter.

In Wake County, where the industry is concentrated, total sales rose to 7,637, or 13.9 percent, during the quarter. Johnston County sales increased 27 percent, with 1,009 new and existing homes purchased during the quarter. Durham County sales rose 2 percent to 1,707.