

As the economy worsens and the number of unemployed Americans steadily increases, the trickling stream of worrisome events seems unending. To some, the real estate market may seem bleak. To others, it's an investment worth the risk as they wait for the economy to improve. Just how has the real estate market fared in the Golden Isles?

The U.S. Census Bureau published a joint release with the U.S. Department of Housing and Urban Development in December, with results of one-family home sales in November of 2008. Sales fell 2.9 percent from October estimates and fell 35.3 percent from November of 2007. The National Association of Realtors says that in November, existing home sales fell 8.6 percent nationally.

Matt Vigh, managing broker with Coldwell Banker, says that November was one of the worst months the real estate market has faced in 20 years.

"A lot of commercial lots were bought speculatively, so there's quite a bit of inventory that is available right now. And unfortunately, with the economy the way that it is ... people aren't as ready to stick their neck out there as they would be if their confidence was a little bit higher," Vigh says. He adds that investors were banking on a return with commercial properties.

Bill Townsend, residential lending consultant for the last 23 years and owner of Cornerstone Home Lending, says that the No Doc, Stated Income, Interest-Only and Option Arms were created by mortgage lenders and purchased by Wall Street investors in an effort to provide affordable home ownership for all. The mortgage industry provided loans to people "who had no business buying, with no ability to repay the loans." Townsend listed a number of factors, including people overstating their income; being misled



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by an unscrupulous loan officer; and assuming income would increase as mortgage payments rose, resulting in a "huge disaster for all of these new homeowners." He added that "many of them got into their homes with no down payment, making it way too easy to walk away and let the bank take their homes."

Townsend and other Realtors agree that foreclosures contribute to declining neighborhoods and lower home values. "Once the bank takes over the property, it's probable that the bank will take a below-market offer on the property in order to get it off the books," Townsend says. He also says that this affects customers who want to refinance their home, since in many cases the appraised value falls below the value the homeowner needs to support the refinance.

Broker Ronnie Perry of Ronnie Perry Realty agrees. "You may have paid \$400,000 for your house, but the bank just sold your neighbor's house

for \$310,000," resulting in a drop in property value. He adds that this area has been hit hard with foreclosures. And no one is immune. From the beginning home buyer to the multi-million dollar properties, he says they have all faced foreclosures.

Banks and mortgage investors have since tightened their lending standards in order to sell closed loan packages in the secondary market. Townsend says that well-qualified buyers can still obtain financing, but more documentation is required than was the case one to five years ago.

Realtors in the Golden Isles remain optimistic about the real estate market. Broker Pat Hodnett Cooper with Hodnett Cooper Real Estate says that people are still purchasing vacation homes with the expectation of rising prices as market conditions reverse.

"Many people believe real estate is the best way to recoup losses incurred in the stock market," she adds. "The key is choosing property in an area where market conditions like job and income growth, population in-migration, and demographics indicate increased demand." Cooper says the coastal area of Georgia is popular, which will help the area to recover quickly and escalate more sharply than other areas.

However, Perry says "there is no market for buying second homes right now." He adds that the condominium market is struggling.

According to the Golden Isles Association of Realtors Residential Market Trend Report, condominium sales totaled \$44,397,516 from January to November of 2008. Compare that figure to two years ago from January to December of 2006, when total sales were \$118,899,872. The 2008 figure compared to 2003 shows a 50 percent drop.