



Harry Norman, Realtors® looks at Savannah
HOUSING TRENDS 2007



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2006 was the beginning of a wonderful partnership between Sebolt Brokers, LLC and Harry Norman, Realtors®. The partnership created a positive impact within

the Savannah Community and it's surrounding neighbors. It has been our privilege to carry forth the integrity, service and professionalism that began 76 years ago by Ms. Emmie Norman.

2007 is not only a new year; it is an opportunity for fresh perspective. As many of us are aware, much attention has been paid to the housing market and what has been perceived as critical economic and housing problems. It is imperative that we remember the economy is cyclical and that residential real estate is most impacted by the local economy no matter the national climate. Several well-respected economists have recently noted factors that indicate a housing upturn is on the horizon.

What happened to the housing market: Lewis Glenn, CEO of Harry Norman, Realtors® would

say that the national boom in real estate ended in August 2006. At that time mortgage rates rose almost one point and exotic interest only and adjustable rate mortgages impacted homebuyers' ability to afford their homes. Speculative investors pulled out of the housing market and homebuyers' confidence plunged. Resort and trade-up buyers fled to the sidelines and exorbitant home appreciation rates priced many first-time buyers out of the market.

However, all the news is not bad news: 2006 was still the third best year ever for housing.

Savannah was unfortunately lumped into the national housing picture in the minds of the public. The housing bubble buzz of 2006 kept a lot of local buyers and sellers on the sidelines when the basic housing fundamentals were and still are in place in many markets including Savannah. The major key to remember regarding housing is that residential real estate is local in nature and affected mostly by the local and regional economy. National trends impact but do not dictate the local picture.

What does 2007 hold for housing in our market? Savannah is blessed to have a stabilized and growing economy. The coast of Georgia

has a wealth of land available, steady appreciation in home values, healthy inventories and increased new home construction. As new business arrives and large numbers of baby boomers settle in along the coast, our corridors are growing and expanding, feeding into Savannah's hub and creating a real need for residential and commercial properties to house, entertain feed and stimulate those populations.

Understanding how to appropriately market and sell or buy a home requires expertise that is gained over time by professionals who value high ethical standards and superior service. Sebolt Brokers, LLC/Harry Norman, Realtors® is such a company.

No matter the market, we are committed to continually growing and developing to better assist our clients and customers for years to come. Sebolt Brokers, LLC/Harry Norman, Realtors® is building a business to serve Savannah for generations.

Most sincerely,

V. Elaine Sebolt

Economic Changes that Impact the Housing Picture on the National and Local Level



October, the U.S. trade deficit dropped unexpectedly to \$58.9 billion, about \$5.4 billion less than in September. Although the largest cause was lower oil prices, strong American exports—up 14 percent from a year earlier—also contributed significantly. And that’s exactly what the economy needs in 2007; an export surge.... We need what economists call a ‘rebalancing’ of our economy and the world’s.”

On the local level, Dr. Jeff Humphreys, Director of Economic Forecasting at the University of Georgia’s Selig Center, puts Georgia in the top ten states for Gross Domestic Product growth for a greater than average population market. He credits the Georgia Economic Development Commission for their hard work in making 2006 the best year for new projects in Georgia. “They deserve a tip of the ten gallon hat,” he said.

Housing

J.P. Peltier, Vice President of HomeServices of America (parent company of Harry Norman, Realtors®) recently summarized the 2006 housing market for RisMedia *REAL ESTATE Magazine*. According to Peltier, prior to 2006 the housing market had experienced five strong years of unit growth and appreciation; however,

Fluctuations in the economy often cause speculation but the economy is a cyclical beast. The economic pendulum swings far in one direction and then it seeks balance by changing direction. Phrases like “hedging inflation”, “avoiding recession” and “moderation” have hit the headlines everywhere. These terms are not new and the current cycle of recovery is an expected outcome.

The economy is adjusting from a period of extraordinarily high fuel prices, record lows in interest rates and tremendous growth in the housing market. Certain corrections have taken hold to bring these market forces into balance: fuel prices have dropped and the Federal Reserve has

hiked interest rates to thwart inflation and to rebalance the economy.

The housing market likewise is undergoing a period of adjustment. Interest rates have changed, speculative buyers have withdrawn from the housing picture and the public has a negative perception of the strength of the market. When the dust settles, the housing market will not have crashed but returned to something akin to the normalcy of the previous decade.

Economy

The national economic picture is one that indicated that an upturn is on the way. In a late December issue of *Newsweek*, columnist Robert Samuelson wrote, “Consider it a good omen. In



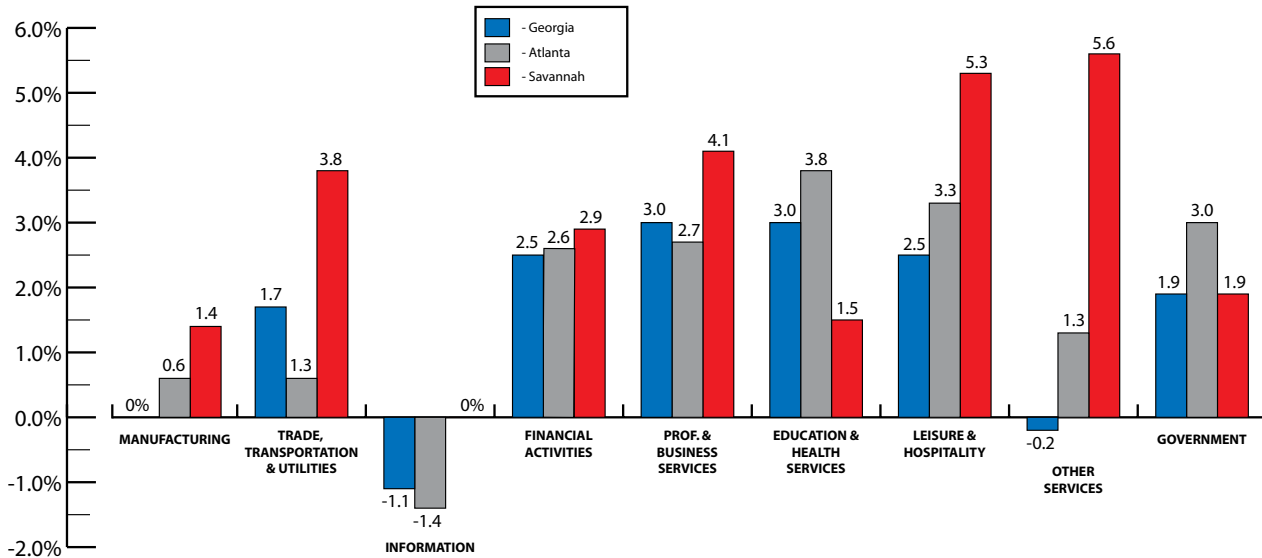
Savannah Quick Facts

Population: 128,453
Housing units: 58,863
Median age: 32.3 years
Median household income: \$30,887
Average persons per household: 2.37
Land area: 74.7 square miles

Sources: U.S. Census Bureau, *city-data.com*.

All photos courtesy of the Savannah Convention & Visitors Bureau.

Employment Trends, % change, July 2005 - July 2006



A comparison of Savannah's employment growth trends with the state and Atlanta from July 2005 - July 2006. As evidenced above, Savannah's job growth compares favorably, and exceeds Georgia and Atlanta in many industries. Source: Georgia Department of Labor, Workforce Information & Analysis.

the residential real estate industry in 2006 experienced a year of adjustment and correction. While home price declines are extremely rare on a national basis, year-over-year unit declines can happen in real estate, which is cyclical by nature. The unit decline in 2006 was made more challenging by the fact that the speculators who entered the industry during the recent boom vacated the market so abruptly. These speculative investors simultaneously reduced demand and created an excess supply of housing inventory as they sought to shift investment asset classes from real estate to stocks and bonds.

David Lareah, chief economist for the National Association of Realtors®, said that 2006 was the third-best year on record for existing-home sales. "In 2007, [existing home] sales are expected to rise steadily from the current cyclical low and reach an annual total of 6.4 million, which would be 1.0 percent lower than this year's [2006] total."

Savannah Outlook

Savannah is one of the hot growth spots in the South. A thriving

tourism locale replete with historic charm and a burgeoning business community has put Savannah on the fast track for those looking to relocate or to retire. "Virtually all sectors of Savannah's economy are expanding, and the number of jobs will climb faster here than in any of the state's other MSAs [metropolitan statistical areas]. Employment is projected to rise by 2.7 percent in 2007, or by 4,200 jobs," according to an economic report by Jeffrey M. Humphreys and P. George Benson of the Terry College of Business, University of Georgia.

Employment in traditional sectors such as logistics, port-related projects, manufacturing and office/headquarters operations still contribute to Savannah's positive picture. Savannah's port is the 5th largest container port in the U.S. "Georgia's deepwater ports and inland barge terminals support more than 286,476 jobs throughout the state annually and contribute \$14.9 billion in income, \$55.8 billion in revenue and some \$2.8 billion in state and local taxes to Georgia's economy," according to an *Atlanta Business Chronicle* article (4/10/2007).

Savannah's port will continue to enhance and increase Savannah's presence on the stage of global trade.

Business leaders who see Savannah not only as a viable but also as an optimal location are growing exponentially. The connection between the world's busiest airport in Atlanta and Savannah's growing port traffic is projected to increase business opportunities and employment for related industries served by these crucial transportation sectors. The service and hospitality industries will rise to meet the demand of commuting, vacationing and dual residence executives and families as a result of these trends.

In the grand scheme, Savannah is emerging as the next place to live. What is now still a laid back, artsy community is making its presence felt to those looking for a coastal lifestyle and businesses looking for a noncongested community in which to grow. The one common denominator for both these segments is housing. As Savannah grows, Seabolt Brokers and Harry Norman, Realtors® will be here to offer exceptional assistance with the area's home buying and selling needs.

Housing Trends 2007 - Savannah Edition

courtesy of

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