



Spotlight on Augusta

The latest market intelligence report from IRR-Residential Valuation Solutions, provided exclusively to *Valuation Review*, focuses on the Central Savannah River Area in Georgia and South Carolina, which includes Augusta. Find out how business influences and new builds have combined to create a 22 percent rise in property sales from the same time last year.

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The latest market intelligence report from IRR-Residential Valuation Solutions, the national real estate valuation services provider, provided exclusively to *Valuation Review*, focuses on the Central Savannah River Area (CSRA), which includes Augusta, the second largest city in Georgia as well as parts of South Carolina.

Despite the recent recession experienced across the country, the CSRA has remained relatively stable, even earning the sixth spot in *BusinessWeek* magazine's "America's 20 Strongest Building Markets."

The number of property sales in the first quarter of 2010 has increased about 22 percent compared to the first quarter of 2009. Building permits are also up, by 36 percent from a year ago. Just over 60 percent of all sales were between \$100,000 and \$250,000. The average sales price of homes is \$158,611 — up 2 percent — with the median price of \$152,500 experiencing a 9 percent from a year ago. Condo sales, however, have declined about 10 percent from the previous year.

Even Augusta isn't immune from the rash of delinquencies and foreclosures that has plagued the nation. Recent REO/short sale activity has increased from 3 percent in Q1 2008, to 7.5 percent in Q1 2009, and now stands at 13.7 percent.

Pending sales are also up, nearly 50 percent from a year ago. *Valuation Review* spoke to **Ronda J. Parrish**, SRA and Managing Director of the Aiken, S.C.-branch of IRR-Residential Valuation Solutions. She explained the rise in pending sales. "Realtors attribute this to the April 30th contract deadline for the \$8000 and \$6500 tax credits. The tax credit seems to have had a greater impact on single-family homes than on condos. The tax credit's impact is expected to linger for a couple more months," she said.

When asked to explain the CSRA's stability over the last few years, Parrish gave three reasons — "giddy-ups, golf, and government." The equestrian industry, including the training and breeding of thoroughbreds, as well as various horse riding events such as polo matches, bring in an estimated \$65 million in annual revenue.

Augusta is the venue for the famed Masters golf tournament. Tax revenue from lodging for the week was \$9.75 million in 2009 alone. **Barry White**, President of Augusta's Convention and Visitors Bureau said the economic impact of the Masters on Augusta has never been calculated but claimed that local hotels make at least 20 percent of their annual profit during that time of year. "Golf's total economic impact is not known, said Parrish, "but one report from 2006 indicated that Masters week was \$150 million alone."

The strong government based industries are the CSRA's main employment and economic sources. A Department of Energy facility has a workforce of about 11,000 and annual economic impact of \$2.6 billion. And in February, 2010, President **Obama** announced \$8.33 billion in loan guarantees for Southern Nuclear's plan to add two new reactors in Burke county, which adjoins Augusta to the south. Energy Secretary **Steven Chu** has said that this would be the first new nuclear power plant to break ground in America in decades. They are scheduled to go online in 2016 and 2017 with an estimated cost of \$14.5 billion.

Up to 3,500 construction jobs will be created and, once the reactors become operational, about 800

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permanent jobs will be available, a useful boost for an area where the current unemployment rate hovers nears the national rate of 9.9 percent.

Looking forward, Parrish said predictions were hard to make. "Will there be a big drop-off in activity? Business as usual? Pundits have opinions, but we'll wait for the data," she said. "After July, it will be the job market that drives sales forward. Interest rates are at a 50 year low, but the combination of high unemployment, the tight credit market, and heavy indebtedness suggests that demand will falter."

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