

State's Second-Home Market in a Slump

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Realtors and real-estate brokers in several resort areas said they've seen a cooling in second-home sales over the past year, mirroring a nationwide trend.

Story by Walt Williams

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Just two years ago second home sales in West Virginia were booming as people with plenty of money to spend bought up vacation and investment properties in places such as the Canaan Valley and the New River Gorge. Now those high times appear to be over, at least for the moment.

Realtors and real-estate brokers in several resort areas said they've seen a cooling in second-home sales over the past year, mirroring a nationwide trend in which sales of second homes have more or less returned to their historic norms after a period of record highs.

"Basically, things have slowed down," said Bob Elwood, a broker with Snowshoe Mountain Homes.

Snowshoe is a popular second-home market because of Snowshoe Mountain Ski Resort, which not only boasts winter activities such as skiing, but also summer activities such as hiking and golf. Property prices in the area have recently "paused" after years of appreciating. The result is many property owners who could sell are choosing to wait out the current slump rather than selling for less than what they think they could otherwise get, Elwood said.

The same is holding true for the rest of the country. The National Association of Realtors reported that overall sales in vacation and investment homes declined in 2007, although they still made up 33 percent of all existing- and new-home sales.

Vacation-home sales dropped 30.6 percent to 740,000 in 2007 from a record 1.07 million in 2006, while investment-home sales fell 18.1 percent to 1.35 million last year from 1.65 million in 2006, according to the association. At the same time, primary residence sales declined 10.0 percent to 4.34 million in 2007 from 4.82 million in 2006.

The reason for the decline is that the economic bubble that sustained the national housing market has burst under a wave of foreclosures. Rising gas prices along with a puttering economy have made many people more cautious with their spending.

"Certainly, second homes are discretionary purchases and there is a natural tendency to pull back from big-ticket items in periods of uncertainty," NAR chief economist Lawrence Yun said in a news release. "The other factor is the disruption in the mortgage market, with a significant tightening of credit during the second half of 2007. Some buyers simply adopted a wait-and-see attitude."

The market is not so bad that those in the business of selling second homes are in a panic. Elwood, for one, sees two silver linings. The first is the large number of baby boomers who will be retiring over the next 10 years and looking for places to retire. The second is, he believes, that West Virginia, and Pocahontas County in particular, so far has been overlooked as a place to retire.

"We're actually quite optimistic," he said. "There are a lot of factors in the marketplace we think will lead to a turnaround."

In the meantime, those in the real estate business will need to get through the slump. Jeanette Canada, a broker with United Country Real Estate in Marlinton, will normally sell \$3 million in properties in a year but she doesn't expect to do that this year.

Cary Reed, a broker with Canaan Realty in Davis, said that while single-family home sales seem to be down in his area, condominium sales are up. He believes the reason is because of condos' lower prices and the fact they require less maintenance than large houses. Rentals are also up, he said.

About 4 percent of all housing units in the state are vacation homes, according to the U.S. Census Bureau. Prices vary widely depending upon location, size and type of units, but recent listings around resort areas range from about \$90,000 for a condo to more than \$1 million for a few homes.

Nationwide, the median price of a vacation home was \$195,000 in 2007, down 2.5 percent from \$200,000 in 2006, according to NAR. The typical investment property cost \$150,000 last year, unchanged from 2006.

Pat Herlan, a broker with Timberline Resort Realty in Davis, said she has seen sellers ask for \$500,000 for their homes, yet buyers come in only proposing \$250,000 to \$300,000. Sometimes buyers can be negotiated up to 20 to 30 percent of the asking price.

"We advise sellers it is not the best time to sell right now," she said.

The second-home market in West Virginia is doing much better than the markets in some other states, particularly Florida, Herlan said. She also pointed out that West Virginia hasn't been hit by a wave of home foreclosures.

"I think everyone is holding their breath and seeing what is happening," she said.

Not everyone is reporting a downturn. The Greenbrier Sporting Club, a gated community in White Sulphur Springs featuring high-priced real estate, has been closing several deals lately and has seen "renewed momentum" in sales, Dave Purpora, senior vice president of sales for the DPS Sporting Club Development Co., said in an e-mail.

Purpora called the club "is a true Legacy property that has been impervious to the downturn in real estate that has been prevalent in areas that are over supplied.

"This legacy status, an active family/live experience approach to development and our Green Homes initiative have put us in an extremely optimistic position for the remainder of 2008 and into 2009," he said.

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