

# Worcester hit by home-sale slowdown

By Jay Hodgkins

Staff Writer

BERLIN — Rows of new houses sit for sale in neat, upscale new subdivisions like Decatur Farms and Glenn Riddle, but a glut of new projects like them and a slowing real estate market in Worcester County has left them feeling a little lonely.

A change in the market in 2005 that national housing industry experts are now calling a full downswing is affecting Worcester County equally despite the fact it's the only oceanside community in Maryland and maintains a solid reputation among quality of life indicators.

And the slowdown in the resort community doesn't just mean it's taking significantly longer for homeowners to sell homes than during the real estate boom of the first half of the decade. It's going to start affecting jobs, experts predict.

Part-time real estate agents will drop out of the industry because of the difficulty to sell and construction workers will have less work as builders trim back the size of planned projects.

See HOMES, Page A8

## A steady rise

Number of condos listed with Realtors in Worcester County, including Ocean City, in 2006:

**FEBRUARY.** 2,971

**MARCH.** 3,125

**APRIL.** 3,253

**MAY.** 3,322

**JUNE.** 3,503

**JULY.** 3,464

**AUGUST.** 3,541

Number of single family homes listed with Realtors in Worcester County, excluding Ocean City, in 2006

**FEBRUARY.** 617

**MARCH.** 671

**APRIL.** 715

**MAY.** 761

**JUNE.** 788

**JULY.** 792

# Homes

HOMES, From Page A1

—“There are currently 1,300 members of the (Coastal) Association (of Realtors),” said Realtor and County Commissioner Bud Church. “A few years ago that was 700 and it doubled because of the market. But we’re going to see a thinning out of agents.”

And Church, who has sold houses for 30 years, said the downswing could last a while.

“I don’t see the market changing until next spring or summer,” he said.

That’s bad news for a market that has seen listings steadily increase for more than a year already. In February 2005, there were 396 houses listed with Realtors in Worcester County, but in August 2006 there were 765 — a 93 percent increase.

Condos on the market have grown at an equal rate with 1,870 being on the market in the county in February 2005 and 3,511 in August 2006 — an 89 percent increase.

Meanwhile, homes were sitting on the market for 159 days on average in February 2006 and are already sitting unsold for 182 days only six months later in August. Condos sold in an average of 87 days in February, but in 121 days in August.

“We’re a little saturated right now, but I think we’ll catch up,” said new Coastal Association of Realtors President Kevin White, a Long and Foster agent.

White said he felt inventory was up because of the combination of so many new projects, such as Decatur Farms and Glenn Riddle, but said the inventory wasn’t “completely out of whack.”

The problem is that saturation of the market with new homes isn’t about to stop. Glenn Riddle has only built about 100 of 600 planned homes. Summerfield developer Mark Odachowski plans to build its first 300 homes in Snow Hill in the next 15 to 21 months while the entire development is planned to be 2,000 homes.

If the downswing goes beyond the next year, an ADC Builder’s Inc. proposed 1,000-home development in Showell, developer Troy Purnell’s proposed 150-home Purnell Crossing development in Berlin and a Highland Development Corp. proposed 127-home division on Stockton

Road near Pocomoke City could all see slow returns on their substantial investments.

“I would not want to be sitting on a big project right now,” Church said. “One of the things we’re seeing with major projects and developments is a lot are dropping their prices \$100,000, \$150,000, even \$200,000 (per house).”

In Worcester County, the average listing price of homes in August 2006 was about \$361,000, while the selling price was much less at \$341,000. The average condo was listed at \$457,000 and sold at \$431,000 — a drastic change from the boom when Church said units were literally going for above the listing price.

Although consumers might like seeing the prices readjust downward to pre-real estate boom levels, Kelly Henry, a county planning and zoning department official, said her department has noticed a marked dropoff in permit requests in just the past couple of months compared to the last four years.

The National Association of Home Builders hosted an expert teleconference Thursday where economists predicted new homes built to fall to 1.6 million in 2007, well below the 2 million they say should be normal.

Decreases in development sizes means fewer taxes on new buildings and fewer new taxpayers — hence a bigger tax burden for existing taxpayers.

“There’s been a slowdown in the real estate market and that has a direct reflection on taxes and, concurrently, that affects the county budget,” Church said. “That has to be addressed.”

Despite some lamenting of the slowdown, Church and White are quick to note that, historically, the market is still a good one, and that many have been spoiled by the boom of the past few years.

“What happened nationally and in our market, prices have gone up so dramatically that people got sticker shock,” Church said. “(The market) is like a skydiver jumping out of a plane and falling, and you’re waiting to see when they’re going to open the chute. I don’t think we’re going to hit the ground, but I don’t think we’re going to see the market change into next spring or summer.”