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Stateline Area sees significant growth in home sales, construction

By Hillary Gavan For StatelineBusiness

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There appear to be some seeds of hope for home buying and the construction industry in the Stateline Area.

Home buying appears to be picking up again thanks in part to President Barack Obama's home buying incentives and consumer confidence, and commercial construction is slowly growing due to government projects. Those who aren't buying new homes are launching extensive remodeling efforts with the warmer temperatures.

Wade Williams, a real estate agent with Coldwell Banker Premier Borts in Beloit, said home sales were up for the first four months of 2010 by 30 percent compared to the same time period in 2009.

"These are properties that have sold and closed. It's definitely good news," he said.

He attributed the sales in part to home buying income tax credit. Under the credit first time home buyers were able to get a \$8,000 tax credit if they had a contract to buy a home by April 30, and were closed on it by June 30.

Mr. Williams credits most of the sales with consumer confidence, adding that a variety of factors influence peoples' decision to buy a home, not simply a tax credit.

"People in the market are now more comfortable buying and selling homes. They're aware of the good news of low prices on homes and low interest rates," he said.

Paula Carrier, president of Rock Green Realtors Association, said Beloit is in line with the trend of growing sales in Rock County. In the first quarter of 2009 there were only 246 units sold in Rock County, but that number grew to 312 in 2010.

Although buying may taper off now after the tax credit is complete, she said interest will grow because of the warm weather, low interest rates and low home prices. The other good news is that the market in Rock County isn't saturated. There are 1,650 available homes listed through realtors in Rock County, as compared to the 5,300 homes in Dane County.

"Supply and demand are going to be OK in Rock County. We are definitely seeing things picking up. If rates stay low I think we'll have a great second quarter," she said.

The only burden in Rock County is the continuing number of foreclosures on the market. When foreclosures strike a neighborhood, it drives down all the area home prices. In 2009, for example, the average price of a home was more than \$119,000. In 2009 it fell to just under \$106,000 in Rock County. Despite the sad foreclosure news, Carrier said it can mean good news for buyers, with deals not seen since the 1980s.

Steve Bois, president of the Rockford Area Association of Realtors, said it's the perfect storm for buyers,

with prices down and a great selection of properties on the market.

This April is 30 percent above in units sold compared to April of 2009 in Winnebago County.

"We are on a constant climb," he said. "We've seen tremendous growth in this month and the pending sales following going forward are very high. It's a positive indicator on the market."

Although new home construction is slow, there are increases in remodeling projects according to Andy Benson, president of Benson Stone Company, Inc., 1100 11th St., Rockford. The fourth generation family business offers the Midwest's largest selection of furniture, fireplaces, wood stoves, barbecue grills, flooring, landscape supplies, building stone and brick, and marble and granite countertops

Sales for stone and brick are a little slow due to a lag in new construction, but there are other bright spots for the business. In Benson's first quarter of 2010, for example, granite countertop sales were up 50 percent over last year. Furniture and landscaping sales are also going well, as well as its flooring, tiling, carpeting and hardwood sales.

"People are feeling a little bit more comfortable to go ahead and spend money," he said.

Benson Stone is well-known for its granite fabrication and its 70,000-square-foot showroom, a restored furniture factory from the 1880s. Benson Stone has had as many as 75 employees, but it's currently down to 60 employees. Benson said the lowest sales point was last spring and summer, but things are looking better now.

"Fall was looking a little brighter. I feel like we've seen more of a turn since the first of the year," Mr. Benson said.

Corporate Contractors Vice President of Business Development Rick Glover said in Wisconsin, and the Midwest in general, there aren't more construction projects, but different types.

Last year saw the completion of many private projects that were initiated in 2007 and 2008. After those projects were completed, there was a lull in new projects during the fourth quarter of 2009. Since then, there was a flurry of projects out for bid that were mostly public, such as government, municipal, roads and infrastructure projects, in the first quarter. All in all, he said there are fewer projects than in previous years and 2010 does not look particularly strong.

He said the private industry continues to have difficulty getting construction financing to move projects forward. The public projects have a different source of funding but seem to have played out quickly.

"We are hearing of new interest by the private sector to initiate projects but they will take a while to assemble and actually come to market. We expect some increase in activity in the fourth quarter," Mr. Glover said.

Commercial construction appears to be picking up as well. Ringland-Johnson Construction owner and President Brent Johnson said business is still down from 2008, but is slowly climbing back up.

"Two years ago our firm had 275 employees. Then at our low point, we were down to 30 employees, but today we are up to 110 employees. I don't know that we'll ever be back to where we were in 2008, but I do believe things are gradually improving," Mr. Johnson said.

Most of Ringland-Johnson's current construction work is government based. One of its largest projects is Rockford's Nicholas Conservatory, a Sinnissippi Park project. This year Ringland-Johnson also completed the Roscoe Village Hall and the Boone County Community Building in Belvidere.

"Beyond that we are traveling out of the area more, to DeKalb, Chicago and the Quad Cities. We are really spreading out and exporting our labor from Rockford," he said.

Mr. Johnson said the common thread of all his business now is a government tie, something he believes has been a good thing.

"Every local government is helping stimulate the economy by creating construction jobs, and it seems to be working to some degree," he said. "Although the local governments are running low on funds and won't be able to continue funding capital building projects, hopefully the private sector will come back in time," he said. "We read the national news and it says the recession's over, but it doesn't feel like it in the Midwest. We need another year or two to get out of this fully."

Although their unemployment is still high, there have been significant investments made in Rock County,

according to Rock County Economic Development Manager James Otterstein. From 2008 through April 2010, nearly 30 large-scale economic development projects have advanced locally. In terms of industry representation: 11 were in manufacturing, six were in healthcare, five were in logistics, three were in office information technology and three were attributed to built-to-suit estate projects. Combined, these projects represented more than \$325 in capital investment and account for approximately 1.4 million square feet, Mr. Otterstein said.

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