

Local real estate market soft but not 'horrific'

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The real estate market in Wayne and Pike counties is in a serious slump, right? Maybe, maybe not. It depends on whom you talk to.

The bad news is that overall, real estate transactions are down about 9 percent in both counties compared to last year. This number is based on statistics from the Pike-Wayne Association of Realtors for Jan. 1, 2007, to Sept. 6, 2007, compared to the same time period in 2006.

The good news is that is that some of the approximately 120 real estate offices in the association are holding their own or even seeing slightly increased sales. Paul Meagher Sr., owner of RE/MAX Wayne in Honesdale, reported his company had a 1 percent increase in sales from last year. He sells residential and commercial real estate in Wayne, Pike, Lackawanna and Susquehanna counties.

"We had 22 closings last month in a supposedly 'down' market," Mr. Meagher said. "In my opinion, we're (Wayne and Pike) not as bad as what you read about in the papers nationally. Nine percent isn't that horrific."

According to money.cnn.com, U.S. homes in the process of foreclosure reached a record high in the second quarter of 2007, with Arizona, California, Florida and Nevada being hit hardest. The New York Times reported that, nationally, existing home sales decreased by 17 percent and new home sales fell by almost 19 percent in the second quarter of this year, with the number of houses on the market growing by 16 percent.

In Wayne and Pike counties, the number of houses for sale increased 14 percent over 2006, according to Terry Ditty, president of the Pike-Wayne Association of Realtors and owner of Century 21 Select Group in Hamlin.

Better off than neighbors

Wayne and Pike counties are also faring better than neighboring counties like Monroe, Luzerne and Carbon. Marty Courtney, a realtor and recruiter for Century 21 Genesis in Tannersville, described the situation in his selling area as "a real estate nightmare." The market is so poor, he said, some Realtors are driving school buses to supplement their income.

Mr. Courtney said the Pocono Mountain Association of Realtors multilisting system showed 4,365 homes on the market in early September. A year-and-a-half ago, there were about 1,800 homes, he said.

He said nationwide, average home prices have gone down steadily for the past 12 months. "This only happened once before, about 1988 to 1990," said Mr. Courtney, who's been a Realtor for 11 years.

Why are Wayne and Pike counties better off than their neighbors? One reason is that Lake Wallenpaupack and smaller lakes help keep the real estate market "afloat" here. As the saying goes, "location, location and location" are the three factors that determine whether a property sells. Lakefront is always a prime location, although now more than ever, it's a buyer's market for high-priced homes, too.

Although prices for prime lakefront properties can be as high as \$1 million, the average price of homes in Wayne and Pike counties is much less. Janet Gallagher, association executive for the Pike-Wayne Association of Realtors, said during the period from Jan. 1, 2007, until Sept. 11, 2007, the average selling price of a home in Wayne County was \$209,183 and in Pike County, \$214,016. During the same time period in 2006, prices averaged \$228,052 in Wayne County and \$215,220 in Pike County.

Unfortunately, a buyers' market can make buyers, sellers and Realtors cranky. "I used to show a maximum of 10 houses to a prospective buyer. Now they want to look at 15 or 20," Mr. Courtney said. "They demand more things be done to pass inspection before they buy." He said the average sale prices of homes in his area are "barely breaking \$200,000."

Mr. Meagher concurs. "In 2005, when the real estate boom was on, people weren't scrutinizing properties as much," he said. "There weren't as many houses on the market, so they were paying a premium price so as not to lose the house."

Not just about good credit

After a major slump in 1989, the real estate market in Wayne and Pike counties – and the rest of the country — steadily improved and then flourished, with 2005 being a banner year. “In 2005 I told everyone in my office, ‘This won’t last,’” Mr. Meagher said. “It goes up and down, and sure enough, it did.”

Mr. Meagher’s son, Tim, co-owner of REM/MAX Wayne, said, “It does boom here, but not at the levels it does in major metropolitan areas. So when it slumps, we don’t have the foreclosure crisis they have in other areas. The crisis affects people who don’t have good credit. We have enough buyers out there who have good credit.”

Rolin Edwards, zoning officer for Palmyra Township, Pike County, said the buyers’ market is about more than good credit. “When the economy is bad, it affects the middle class and below,” he said. “When the housing market drops, wealthy people take advantage of this and buy homes with their bonus checks. They’re not borrowing money, so interest rates don’t affect them.

“The number of people who are trying to buy or maintain a vacation home will be affected (when the housing market drops). It becomes an expensive issue, a burden, especially if they have a variable-rate mortgage,” he said.

Nationally, foreclosures reached all-time highs this year because of the proliferation of subprime mortgages, which target buyers with poor credit, and adjustable-rate mortgages, which fluctuate along with the prime rate so monthly payments can quickly increase. In some states, as many as 1 percent of all homeowners are in foreclosure, according to an Associated Press article.

Condo projects take a hit

One type of real estate that’s taken a direct hit in this region is the condominium market. A recent casualty is the silk mill project in White Mills, Wayne County. The owners’ vision was to turn the old mill into a half-dozen \$300,000 condominiums, but after more than two years of planning and renovations, a “for sale” sign went up this summer.

The building is owned by Bruce Helander and Ronald Parker, of the Parker Group in Milford. Mr. Helander said all building permits were obtained and renovations were well under way. But after a “very intense ad campaign,” they received only one down payment on a condominium. “We had the leading Realtor in Northeast PA, Davis R. Chant,” Mr. Helander said. “But the market is very cool. We couldn’t justify doing more work. You have to face reality. I have no idea what anyone would do with the building (now),” he said.

Mr. Edwards said a condominium project in Pike County — Lakeside Resort on Lake Wallenpaupack — has been put on hold because of the slow real estate market. The 300-unit townhouse and duplex development was to be built on Route 507, on the site once occupied by White Beauty View resort. The old resort was demolished to make way for the new development, financed by the Pitcairn Financial Group.

“They’re rethinking the design of the project. The market is slow, so they’re not pushing the project through,” Mr. Edwards said.

Mini boom in commercial properties

One sector of the real estate market may actually be enjoying a small boom. According to a recent article in the Scranton Times-Tribune, the Oct. 15 debut of gambling at Mount Airy Casino Resort in Mount Pocono is generating buyers for both small and large inns and resorts in that area and surrounding counties.

“We have a lot of people in the resort and hospitality business looking at properties here,” said Bob Uguccione, executive director of the Pocono Mountain Visitors Bureau. “Not just because of Mount Airy, but also because of new attractions like the Lodge at Woodloch (a destination spa in Hawley) and Great Wolf (a family resort with an indoor water park in Scotrun).

“We’re not selling (real estate) like we were, but its getting back to normal levels,” he said. “In my opinion, it’s just adjusting.”

Paul Meagher agreed: "It's going to increase gradually; interest rates are holding steadily."

So, while some see the end of the real estate boom as a leveling off rather than a bottoming out, not everyone feels so optimistic. For example, when home sellers, school districts and taxpayers do the math, they see a slump.

This year, homeowners in Wallenpaupack Area School District saw their taxes increase 3½ percent to make up for the deficit in real estate revenue. The district encompasses parts of both Wayne and Pike counties.

"Schools get ½ percent of the sale of each property and municipalities get ½ percent," explained Mike Silsby, WASD superintendent. He said this realty transfer tax is paid every month. In July 2006, the school district received \$106,396, but in July 2007, it received only \$68,979. In the 2005-06 school year, transfer taxes totaled \$1,536,629. "The highest they've gotten ever," Mr. Silsby said. But the 2006-07 school year saw "a substantial drop" to \$1,283,192, he said.

"We expected it to drop," he said. "We do feel it's going to go down again."

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