

# KNOXVILLE AHEAD IN REAL ESTATE RACE

## Regional property values on the rise despite nationwide drop in housing market

BY ROGER HARRIS  
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When it comes to housing, the Knoxville region isn't your average real estate market. Unlike much of the country, Knoxville housing is gaining in value.

The median sales price for an existing single-family home in the Knoxville Metropolitan Statistical Area in the fourth quarter of 2006 was \$153,600, a 3.2 percent gain from the same period the year before, according to the National Association of Realtors.

In contrast, nationwide the median sales price slipped 2.7 percent at the end of 2006. The Knoxville market actually outperformed nearly half of the metro areas surveyed by the Realtors.

Seventy-three, or 49 percent, of the 149 areas surveyed saw prices fall in the final three months of the year. The Realtors expect prices and sales nationwide to rebound in 2007, but the Knoxville housing market is ahead of the curve.

On the national level there's a lot of talk about a housing bubble, but there's no bubble in Knoxville, said Dale Akins, president of The Market Edge, a Knoxville information service which tracks data on new subdivisions, developments, building permits, employment and population for counties in East Tennessee and parts of Kentucky, Indiana, Virginia, South Carolina, North Carolina and Georgia.

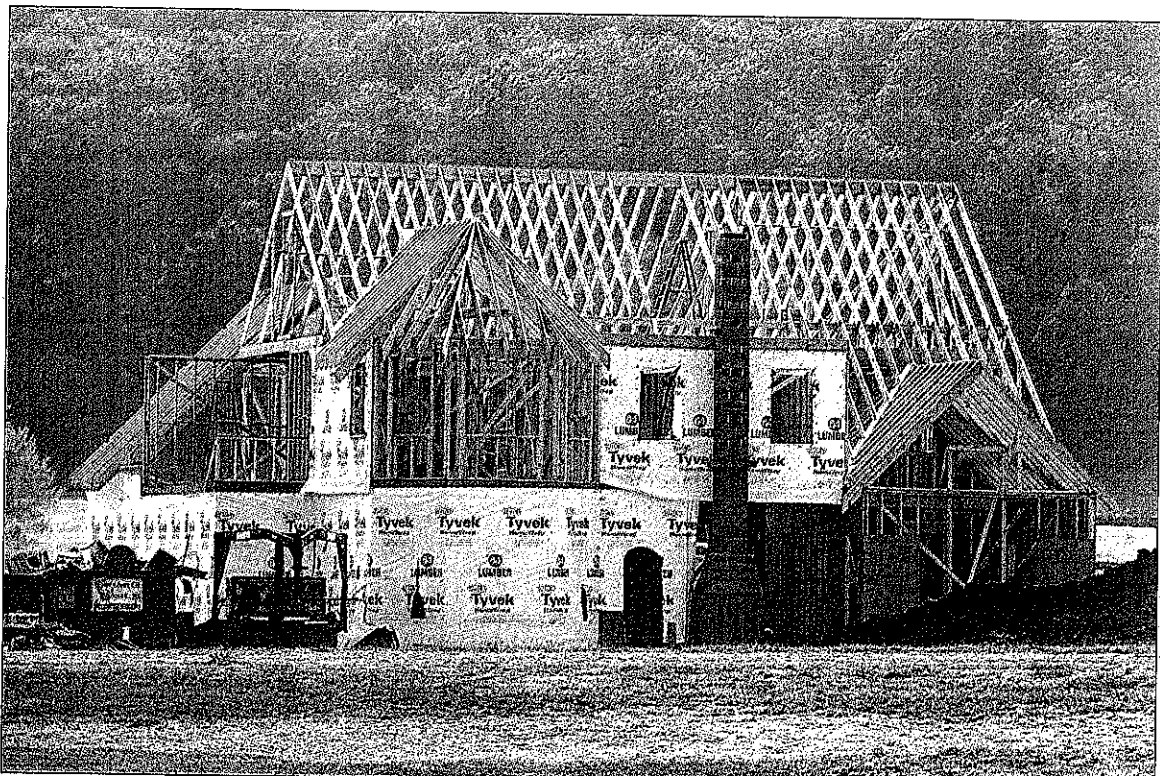
"There's all this bad news about the coastal markets where sales prices are down and people think it's a one size fits all trend across the country. But that's just not the case, at least not in Knoxville. We're doing well," Akins said.

The Knoxville housing market benefits from a strong and growing regional economy, said Roger Moore, president of Knoxville based R.M. Moore Real Estate Co.

"We have a diverse economy and we're fortunate to live in an area where there are lots of great places to find a home," Moore said.

Some of the busiest areas for new home construction are West Knox County, the Halls community in North Knox County, the John Sevier Highway area in South Knox County and East Knox County near Knoxville Center mall.

As the region's population has grown in recent years, new home construction has also been strong in Anderson, Blount, Loudon, Sevier and other neighboring counties.



Knoxville housing is bucking a national trend by continuing to increase in value. Houses are under construction at Tennessee National, a golf community being developed in Loudon County.

MICHAEL PATRICK/NEWS SENTINEL

Barring an unexpected economic calamity, Knoxville's housing market is expected to be stable for the foreseeable future.

"We don't have those wild and up down swings," said homebuilder Mike Stevens, president of Mike Stevens Homes Inc.

Most area real estate observers expect home values in metro Knoxville to appreciate 4 percent to 5 percent this year and post a similar gain in 2008.

For homebuyers, the Knoxville market offers a variety of housing styles — everything from two- and three-bedroom starter homes to loft-style condominiums to luxury subdivisions with equestrian facilities and concierge service for residents.

The Knoxville region is a good place to sell a home, too. Of the 17,212 homes sold in 2006 the average time on the market was 79 days, according to information on the Knoxville Area Association of Realtors Web site.

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AMY SMOTHERMAN-BURGESS/NEWS SENTINEL

New subdivision Harrison Glen in Lenoir City waits for more houses to be built and sold in October 2006. Loudon County passed a new tax on residential construction.



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## Existing-Home Sales Post Biggest Rise in Three Years

By Jeff Bater

From [The Wall Street Journal Online](#)

U.S. existing-home sales unexpectedly climbed in February, but subprime-market woes could chill demand farther down the road.

Home resales rose to a 6.69 million annual rate, a 3.9% increase from January's revised 6.44 million annual pace, the National Association of Realtors said Friday. January's rate was originally estimated at 6.46 million.

The median home price was \$212,800 in February, compared with a revised \$210,900 in January and a revised \$215,700 in February 2006.

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NAR chief economist David Lereah said some of the rise might have been due to mild weather. "But fundamentals have improved in the housing market," he said.

The February resales level was above Wall Street expectations of a 6.33 million sales rate for previously owned homes.

Delinquency rates for subprime mortgage loans rose at the end of last year. Wall Street is worried tighter lending standards for borrowers with less-than-sterling credit could slow home sales in the future.

Mr. Lereah predicts subprime problems could cost between 100,000 and 250,000 annual sales of new and existing homes over the next couple years. "Will it affect the housing market? Yes," he said. "But it's not going to lead to an economic recession."

Inventories of homes were up 5.9% at the end of February to 3.75 million available for sale, which represented a 6.7-month supply at the current sales pace. There was a 6.6-month supply at the end of January.

Regionally, existing-home sales were mixed. Sales rose 3.9% in the Midwest, 14.2% in the Northeast, and 1.6% in the South. Demand in the West was flat.

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