

GROWTH: OUR 2017 NEWSMAKER OF THE YEAR



TED FITZGERALD/The Pilot

The local market began to move more vigorously in 2011, spurred by growth at Fort Bragg. Realtors and home builders have seen a shift from resort living to functional living, as illustrated by developments like The Meadows at Farm Life, near Carthage. Neighborhoods like this one are popping up all across Moore County.

Booming Home Sales Drive Local Economy

BY LAURA DOUGLASS

Staff Writer

Ask the same question of professionals working in new-home construction, permitting and planning, and real estate how their year is going, and you'll likely get the same answer.

"Am I busier this year than last? Yes," says Bill Sahadi, of Fore Properties.

The housing market took a beating in the recession 10 years ago. But when Moore County came out on the other side, nothing was the same. A county that once had been the province of custom retirement homes and rural byways was forever changed by a growing — and now, pronounced — military presence. Today, it is active duty military personnel and families fueling the housing boom, and major regional tract builders are more the norm than the exception in Moore County.

"I've been working seven days a week to keep up with the demand from buyers. I have seen the market's up and downs, but I have never been so busy," Sahadi says.

With 18 years' experience in the local real estate market and host of the weekly radio show "All Things Moore County," Sahadi said the last two years have been the busiest "without question." He's seeing more transactions for professionals and military folks moving into the area, and an unbalanced generational shift that is becoming more predominant.

"The civic generation is not being replaced by the like and same. There is less demand for country club living and more demand for functional living," he said. "And our demographics are getting younger and younger. On my radio show we talk about demographics just about every week."

Much of that functional demand can be encapsulated in a single word: "new."

New lots, new construction, new homes — military buyers are snapping up these houses before they are even finished.

"Prior to 2008, my clients were predominantly young retired couples, people who wanted the golf membership and lifestyle. Today people move here not just for the golf or military, but because it is a tax-friendly climate, a weather-friendly climate, and there is a lot of New England charm," Sahadi said. "When I get in my car after a week of showing properties, the backseat is filled with Gummi Bears and Rice Krispies. The demographics have shifted."



TED FITZGERALD/The Pilot

Ralph Huff, owner of H&H Homes, discovered that designing a home with straight lines allowed for a faster, and less expensive build. The layout is now one seen throughout Moore County.

Little Levittowns

Suburbia became the new normal that spread across the nation following World War II. Planned subdivisions, built on the Levittown, N.Y., model, were highly appealing to families.

Living in the shadow of Fort Bragg and Camp Mackall, there has long been a military influence on the area. A moderate upswing began in 2005, when the Army post absorbed several units and assets from other locations around the country as part of the Base Realignment and Closure Commission (BRAC).

Three years later, Moore County was hit hard by the economic recession. Real estate and new construction, in particular, hit the skids when the traditional young retirees stopped coming because they were unable to sell their city homes up north. The impact was most obvious on new

development projects on N.C. 211 leading west from the Pinehurst Traffic Circle. Several small gated communities and a handful of ambitious planned developments with new golf courses,

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Fore Properties

retail and commercial areas, hotels and hundreds of residential lots — projects like Stonehill Pines in Foxfire and Pine Forest in Pinehurst come to mind — were all pulled off the drawing board.

Local home builders, skilled tradesmen and real estate professionals languished with little demand.

The local market began to move more vigorously in 2011, spurred on by military demand, when Fort Bragg absorbed Forces Command (FORSCOM) and the U.S. Army Reserve Command

(USARC), increasing the base's population by another 25,000 soldiers.

Currently the base employs about

51,000 people and is the single largest U.S. Army installation and command in the United States, a role that is not expected to change anytime soon. Earlier this year, officials announced the post would likely add 2,500 or more soldiers over the next few years as the Army expands. Nearby Pope Field, which was an Air Force installation until 2005, is now managed by the Army and may also grow.

More soldiers meant more demand for local housing, and tract builders like H&H Homes, McKee Homes and Savvy Homes arrived shortly thereafter.

Ralph Huff, the founder of H&H Homes, said he's always had a soft spot for Moore County. The Fayetteville businessman built his business around meeting the housing needs and preferences of military buyers, but he grew up right down the road in Ashley Heights, about 5 miles south of Aberdeen.

H&H Homes' first local tract of land was in Woodlake, purchased a decade ago, and Huff said he began constructing around 30 houses per year. In 2011, he picked up "basically an entire street of lots" in the Mid South Club, and it was there that H&H introduced a newer, more cost-efficient product.

"I had been building 2,000-square-foot houses for \$200,000, and then these guys came to Cumberland County and began building 3,000-square-foot houses for the same price. I thought, how can that be possible?" Huff said.

He noted the competitors' houses had the same lot size, same kitchen, same bathroom, the same driveway dimensions and landscaping. The difference he came to understand was in the way straight lines were utilized in the design. There were no wings.

"You can build a house that is 40 by 40 feet and is 1,600 square feet, and you can build a house that is 30 by 53 feet and it is 1,600 square feet, but the second house is more expensive to build than the first," Huff said.

"What you get is a big house that is affordable, or at least much less expensive than a typical custom build. It is the science of building in a different way."

When he developed the lots in Mid South using this methodology, the result was "a paradigm shift" in the local

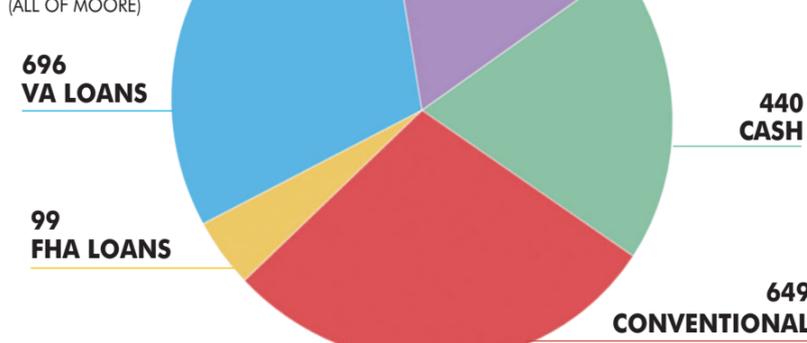
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PERCENTAGE OF HOMES, PER AREA, PURCHASED USING VA LOANS IN 2016:

	New	Resale
Pinehurst	52 %	26 %
Aberdeen	62 %	76 %
Southern Pines	76 %	49 %
Carthage	83 %	28 %
Whispering Pines	96 %	49 %
Vass	100 %	20 % (53%, with Woodlake)

UNIT SALES BY TYPE OF FINANCING

FROM DEC. 14, 2016 TO DEC. 13, 2017 (ALL OF MOORE)



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— Debra Ensminger, Moore County Planning Director

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real estate market. H&H and other tract builders answered the call from an explosion of interest in this style of design. “Fort Bragg is large, and typically people buy a house on the side of the base they work on. They want to buy close to the exit near their work, so my theory has always been to have a house at each exit. We have Fort Bragg surrounded,” Huff said, noting that Moore County represents a more diversified real estate market with retirees, active duty military and retired military all looking for homes. “These guys are a cut above and more discerning. They are more apt to go where they think their children will get a better education.”

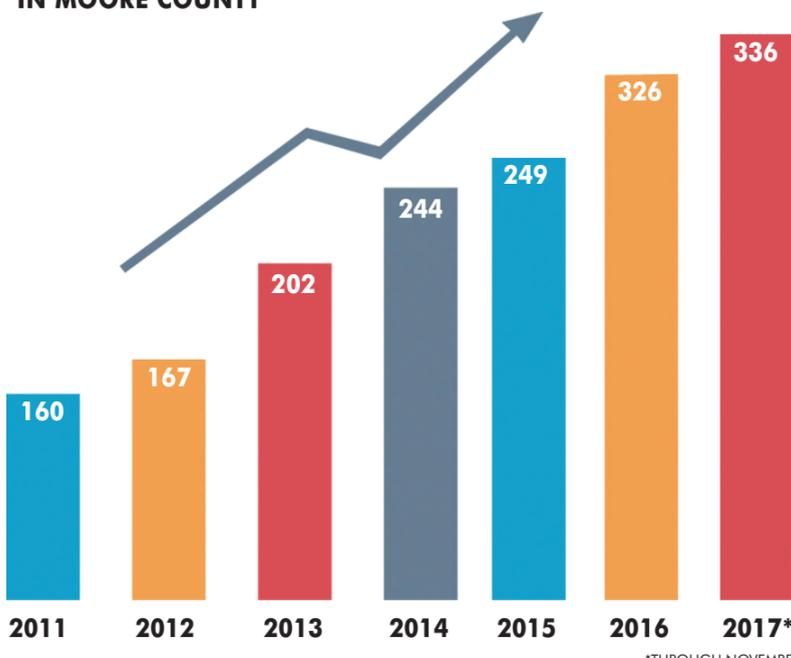
County Planners on the Front Line

From her office in Carthage, Moore County Planning Director Debra Ensminger has overseen a steady and profound uptick in building inspection and permit requests. Her department holds agreements to provide these services for seven municipalities, including Whispering Pines, Cameron, Vass, Robbins, Foxfire Village and Taylortown. “Whispering Pines is where we are seeing the most development, and that is the military,” said Ensminger, noting she anticipates proposals for two new subdivisions in the same area in the near future. “Building is going on everywhere. It is unbelievable the amount of development.” Ensminger said she is concerned by the potential impact if the country were to fall into another recession, but she said it’s possible there would not be too much of a negative effect locally because of the high numbers of military buyers. “They are a different target audience. They are not motivated by the economy; they are motivated by what is going on in our country,” Ensminger said. To keep pace with the demands for county planning services, Ensminger said her office has added one staff position and shifted some administrative work around. “We needed it to meet the demand. We needed another person in the field to be able to keep these projects moving along,” she said, noting that with tract builders, a house can be constructed in as little as 90 to 120 days, depending on weather. “That puts us under the gun. They will have all of these houses at the same point of construction and that puts some pressure on us,” said Ensminger. “But they can’t build them fast enough. The houses are already sold before they are even done. It’s unbelievable really.” In addition, Ensminger said the area’s custom home builders are also busy again but, by the nature of the difference in how they construct homes, they are not building at the same rate as the tract builders.

Increasing Infill

The influx of growth is also palpable in Aberdeen, Southern Pines and Pinehurst, but each town has experienced a slightly different trajectory. Alongside new subdivisions — projects like the Sinclair in Cameron, Meadow Ridge in Aberdeen, and Ravensbrook in Southern Pines — there has also been significant development of lots approved for residential development decades ago, plus renovation and redevelopment throughout the area’s older communities. “People think of growth, but a lot of new permits are not for housing in newly entitled developments. These are projects that were previously entitled decades ago that are filling in,” said Assistant Town Manager Chris Kennedy. In the last 10 years, the town has only approved a handful of new subdivisions, notably the residential sections permitted in the Knollwood Tract, Ravensbrook, and the May Street Cottages, plus multi-family developments at Tyler’s Ridge and Legends on Morganton. “Outside of the apartments, the last big project was The Arboretum with 173 houses, approved in 2006,” Kennedy said. “What we are seeing is infill.” Kennedy said this infill construction is occurring on two fronts: smaller lots in the downtown area and vast subdivisions. “Our development is not because of a ton of recent council action. It is in the golf course developments approved in the late 1980s and early 1990s, and from people finding lots plotted in 1887. The difference is the

HOME BUILDING PERMITS ISSUED IN MOORE COUNTY



demand is there now to actually build it,” Kennedy said.

Southern Pines town leaders approved a policy, in 2013, that changed minimum lot standards for the downtown area. Platted out originally as Vineland, each block had 24 lots and a center square. Modern builders were forced to combine two small lots to meet a 10,000-square-foot minimum threshold; however, the modified regulation now allows development on these century-old lots, as long as setbacks can be met.

“The trend right now is to build as big of a house as possible on these lots. The land value in the downtown area is about \$500,000 an acre,” Kennedy said.

This growth is compounded by an uptick in speculative homes built on undeveloped lots in vast communities approved years ago. Beginning in late 1987 and stretching out over the next five years, development was approved for Talamore, Mid South, National, Forest Creek and Longleaf. Then, in 1997, The Carolina, across from the Moore County Airport on Airport Road, was brought within Southern Pines’ jurisdiction from Whispering Pines.

Kennedy said real estate has changed as interest in golf has waned, and that previous councils did not consider there might come a day when the developer of a golf course was not the same developer of the homes around those courses.

“We have to figure out what our ‘normal’ is,” Kennedy said. “It is a big misnomer for people to think our council and others are just going out there and approving a bunch of stuff.”

In Pinehurst, Principal Planner Bruce Gould said his office fields a lot of permits for tear-downs and major renovations.

“These do reflect significant investments, and a good majority are newcomers. This is not a speculative thing; it is more of a location thing. People are buying because they want to be in walkable areas that are attractive,” Gould said.

He said there is interest from developers in the undeveloped areas of Pinehurst, mostly along Murdocksville Road and in the village’s extraterritorial jurisdiction.

“These are our future growth areas, land toward Foxfire and north toward the county,” he said. “And our demographics are changing. If you look at the 2010-2016 census data, it does reflect that, and we see it just by the needs of these individuals.”

Gould said the Pinehurst Planning Department is fielding more permit requests for fences and swimming pools, and that more people are looking for more municipal facilities, like sidewalks.

“These are things our retirees may have shunned. Through our land-use codes, we are seeing scenarios that weren’t as prev-

alent with an older demographic,” Gould said.

In Aberdeen, Planning Director Pam Graham said the town has seen increased interest from subdivision developers.

“The tract home builders want to build larger subdivisions, and we have land available for that, but we don’t always have the utilities for that,” Graham said. “For instance, the recent annexation of the Auman tract at the corner of N.C. 5 and Linden Road. It is highly buildable property except there is no sewer. Some of these larger tracts have sat for so long because of these restrictions on utilities.”

Water is available for the Auman property and, ultimately, the Aberdeen Town Board approved the request for residential development with septic systems.

“We have other properties that have similar conditions. These are large tracts that have remained undeveloped for a long time primarily because sewer was not reaching it, and the cost of running sewer lines is too prohibitive for developers,” she said.

Aberdeen is exploring options with Moore County Schools to fund a gravity feed sewer line to serve the proposed new elementary school on N.C. 5.

“It is interesting to look at the numbers. We were highest in 2013-2014 and then started to drop off. I think 2017 will be our lowest for new single-family home starts since 2011,” Graham said. “But I do anticipate a lot of projects in 2018.”

“Our UDO (unified development ordinance) does a good job of guiding the design of the development itself, but I do think there is room for some improvements. We will be looking at updating the UDO to reflect those preferences to help guide good quality development towards Aberdeen,” she added.

Breaking Sales Records

This year was one for the record books for local real estate, higher even than the previous peak a decade ago. Sales volume was up 21.7 percent in 2017, surpassing last year’s 20 percent increase.

“We sold more homes in 2006, but our sales volume was less,” said Marcus Larose, immediate past president of Mid Carolina Regional Association of Realtors. “In 2006, the average sales price was \$176,370. In 2017, the average sales price of all homes was \$234,440.”

“The difference is homes now being sold are \$62,000 more than the average home a decade ago, and that equates to appreciation, in my opinion.”

In the past year, 696 homes were purchased with VA loans, meaning the buyers are active duty or retired military; but nearly as many — 649 homes — were purchased with conventional loans, and 440 homes were purchased by cash buyers.

“Last year we sold six homes for over \$1 million; this year we’ve already sold 11. People are paying to live in the village. We are seeing retirees again. A lot of investors are purchasing homes again, which will help drive up prices.”

Marcus Larose
Mid Carolina Regional Association of Realtors

Larose points to the military as the lifeblood that kept the real estate industry afloat during the economic downturn.

“They continued to purchase, and they were still moving while a lot of other homes were sitting,” he said. “The military got us through.”

Almost 95 percent of homes sold today are listed for less than \$500,000 — though the veil on high-end real estate is lifting.

“That is not something that has come back the way it was before 2007. When the market crashed, the higher end properties were hurt the most. We are just now seeing that come back a little bit,” said Larose. “Last year we sold six homes listed for over \$1 million; this year we’ve already sold 11. People are paying to live in the village. We are seeing retirees again. A lot of investors are purchasing homes again, which will help drive up prices.”

Michael Harrell is Mid Carolina’s incoming board president for 2018, and he said beyond the military influence, he sees more health care professionals and professionals from other industries moving into the area.

“We are seeing a real diversity in the housing and rental markets. People are often renting to get used to the area and check out where they want to be, before buying a house. And there are a lot of people moving here specifically for jobs. The hospital is a big part of that. It’s not just military,” Harrell said.

Larose said one weak point in the local market is there are not a lot of choices for first-time home buyers. This would generally be homes in the 1,200-square-foot range, listed around \$130,000.

“This is something our elected officials need to look at. They need to bring down development costs to make that possible,” Larose said. “You can’t develop a lot for under \$25,000 with water, sewer and fees, and if you start with a \$30,000 lot, builders can’t make those numbers work.”

He noted that during the boom a decade ago, a lot of builders went to Seven Lakes, and he is seeing them return there because the lots are affordable.

“Three homes in Seven Lakes were sold this year before they were finished. Now there are at least five other builders that I know that have started in Seven Lakes,” he said. “If you listen to economists, you are starting to see the millennials getting out of their parents’ basements, and they are starting to buy for the first time. That will be a big driver, not necessarily in this market now, but it will be our next wave of buyers.”

Sahadi said as long as there is demand for jobs — including the military — the real estate market will stay consistent and homes will hold their value. This is one reason he sees the rental market may continue to increase but, for now, inventory is still low.

“Five years ago, there were few rental companies, and today there are many. Everyone is trying to get in the rental market because the demand is high,” Sahadi said. “Buying is still better than renting, but we are seeing more younger people moving here who feel it is easier to just cut and go from a lease.”

Instead, he sees the best real estate value is found in existing homes that are 10 to 20 years old, in need of simple cosmetic work.

“A lot of buyers want new at any price. They want to move in, and everything to be just right. There is a price you pay for that,” Sahadi said. “You may sacrifice neighborhood and live in a neighborhood surrounded by other properties that are very similar. But a lot of the existing homes, they were built on the best lots.”

Sahadi said Southern Pines has always been a desirable location for families — military and non-military alike — but that much of that interest is gravitating toward Whispering Pines and Pinehurst based on word-of-mouth advice among military members.

“The military trust each other, and there is trust among families. They will advise each other on schools and where to buy, and they are also limited geographically. They want safety, they want privacy, and they want proximity.”

“The cost of living here is very reasonable, and that is very appealing. This is a great place to live, and it is still a great value,” Sahadi said. “There is something magical about Moore County. It is a privilege to live here and wake up here everyday.”

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The under-construction Greens at the Arboretum complex has been a point of contention for many Pinehurst residents, who feel that a large apartment building is a departure from the charm that attracted them to the village. Around the corner, an old steam plant is being converted into a brewpub. “We are seeing a real diversity in the housing and rental markets,” says Michael Harrell, incoming board president for the Mid Carolina Regional Association of Realtors. “There are a lot of people moving here specifically for jobs. The hospital is a big part of that. It’s not just military.”