

## Lake Gaston real estate still an excellent investment - Part 1

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**Waterfront Properties at Lake Gaston**

*With prices up and volume down, the stimulating and energetic climb for Lake Gaston's real estate market is now far more relaxed.* Like many areas around the country, Lake Gaston's local market endured a great deal of uncertainty throughout 2007. Buyers and sellers alike struggled with decisions to act now or wait. Real estate professionals around the lake spent less time in their cars marketing properties... and more time in their offices looking for new ways how. Yet...while the buyers were in retreat and the available inventory grew, Lake property values continued to climb!

Waterfront property is considered specialty real estate, and market activity throughout the nation as a whole can be quite different from our Resort & Second Home marketplace. Even though we are inland, our fresh-water recreational lake has market trends and buying psychology better compared to the coastal waterfront markets. Our niche market of buyers and sellers, as a whole does not express the same needs or reasons to act as the typical "nationwide" buyer/seller, and our market is driven more by desire than necessity.

By that I mean to say, the typical Lake Gaston buyer is well into or already retired from a career, and more financially secure and savvy. In spite of national real estate trends, Lake Gaston continues to represent an excellent place to invest discretionary long-term funds because waterfront properties continue to be in demand with a limited supply. Our marketplace does not have the burden experienced nationally of foreclosure properties; and in fact, one local mortgage lender could think of only one lake property foreclosure in recent years. We have very few first-time home buyers, and relatively few home buyers relocating for employment. Accordingly, the majority of our buyers are not as driven by time as they have fewer external forces causing them act. They don't need to act... and in 2007 many of them *didn't*. Many didn't even come to look... choosing instead to wait until the national media tells them the time is right and the bottom has hit! A softer market for sure; but average prices increased even though our volume was down.

Similarly, our existing property owners thinking of selling do not generally need to act within a fixed timeline. However, those who did struggled a bit as they accepted the reality of a cooled down, softer market. Hopeful sellers with inflated expectations adjusted their prices, and many new listings for lots and houses were valued more appropriately. Nonetheless, the sale of a top end, custom built waterfront home grew to nearly \$2 million dollars by year end! Selling prices stayed, on average, within 94% of asking price; and even with speculators & short-term investors noticeably withdrawn from the 2007 market, closed properties produced a nice growth over 2006 with average sector increases of 9-14%.

Thinking long term with real estate is still the best way to go, but even short-term those profits are still attractive... and that's in a down market! *Our property values as a whole didn't decrease in 2007... they just didn't increase at the same astronomical rate as prior years.*

## Lake Gaston real estate still an excellent investment - Part 2

February 27, 2008 – conclusion

Real Estate Sector	Median Price	Average Price	Selling Price
Houses: waterfront	\$530,000	\$576,482	9%
Houses: off-water	\$ 99,000	\$119,230	- 4%
Lots: waterfront	\$300,000	\$301,899	13%
Lots: off-water	\$ 22,950	\$ 31,474	14%

*Statistics obtained from the Roanoke Valley Lake Gaston Board of Realtors® Multiple Listing Service (MLS).*

The table is a snapshot look at the 2007 statistics and percentage changes from 2006.

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The Lake Gaston real estate market has four primary residential sectors that experience different trends in activity and value: ▶ houses ▶ lots/land, further segmented into ▶ waterfront and ▶ off-water. Commercial property is an emerging market, though not totally embraced by those who want to see the Lake keep its unique rural character!

The transactions and sales used in this analysis include only those properties designated by Realtors® to directly front or be “on” Lake Gaston, NC & VA, or off-water but with ownership access through a waterfront community. Included are recreational RV/camper properties and properties that are not within a waterfront subdivision, yet are in very close proximity to the Lake’s public access locations. Not included are rural and county houses, lots and farms, or those in the outlying townships.

Activity in the spring & summer of 2007 was significantly slower than the already softening year-end market of 2006. Market trends had established themselves and held true through the remainder of the year. Allowing for a small margin of error in the statistics, **Lake Gaston real estate closed the year with average prices up 9-14% over 2006 in 3 sectors.** Median prices of all but off-water homes were up as well in spite of transaction volume dropping considerably.

Looking further back at 2006, while not ignoring the dazzling prior years, average lot values skyrocketed both on and off the water. Off-water lots were particularly hot and soared in desirability and price during 2006... an average increase of 59% in value. Wow! In that same year, development was strong and waterfront lots also soared in value, selling at 40% above the average 2005 price and the 2005 price was already 40% above 2004!

The “boom” years were an exciting, stimulating and energetic climb for our real estate market, and now the pace and price increases are far more relaxed. During the 2007 “correction” period our average prices were still up for the most part; but in response to the national market, and hopeful anticipation of falling prices and lower interest rates, the number of our transactions were down considerably. And those that sold, took a bit longer getting to the closing table.

While off-water houses show the greatest increase in terms of market activity (18% growth), they performed the worst for value. Lots were the stellar performers of '06 and remained the sector to grow in value the most during 2007 (13-14% increase). As prices rise, though, fewer people are willing to buy; and coupled with the national housing situation and economy, the transaction volume that dropped only 5% in 2006 for waterfront lots dropped 30% this past year. We saw an astounding freefall in transactions for off-water lots from a 2006 increase of 44% to a drop of -54% in '07.

Real Estate Sector	Transactions	Months on Market	Days On Market
Houses: waterfront	- 30%	5.6	3%
Houses: off-water	18%	5.8	1%
Lots: waterfront	- 30%	9.5	31%
Lots: off-water	- 54%	5.4	- 16%
<i>Statistics obtained from the Roanoke Valley Lake Gaston Board of Realtors® Multiple Listing Service (MLS).</i>			

In the Lake area, new home sales made up 19% of all houses that closed; and at the beginning of 2008, approximately 15% of all homes for sale (on and off-water) were new or still under construction. Interesting to note, is that the timing of our market did not change. The transaction timing of buyers remained nearly identical from '06 to '07. Last year we closed 23% of all pending sales in the 1<sup>st</sup> Quarter, 31% in the 2<sup>nd</sup>, 27% in the 3<sup>rd</sup>, and 19% in the 4<sup>th</sup> Q. The only difference between the two years was a 1% shift between the 3<sup>rd</sup> & 4<sup>th</sup> quarters.

Particularly exciting in 2007 was the commercial development of property including restaurants, retail and office space centrally located on the Lake, and the vision of more to come. As our special community continued to grow and mature, we were also excited with the announcements of two new waterfront communities with townhomes and southern living style row-house developments promising great amenities with exceptionally convenient locations near the Eaton Ferry Bridge. That’s a real plus for our vacation property owners and retired population who don’t want the concerns of landscaping and yard maintenance, yet want our wonderfully relaxed, lake-living lifestyle.

We know the demand for property in our waterfront community will re-ignite and continue to grow. So let’s wish for sound values, sensible financing with attractive interest rates, and hope for a really great, really vibrant market in 2008!

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**About the author...** Chris knows and loves Lake Gaston for a variety of reasons. To her, owning property and living on Lake Gaston is “More than a Luxury... More than a Lifestyle...It’s an Excellent Investment!” Fellow Realtors honored Chris by electing her to serve as Director on the local Board of Realtors; and she continued on as committee member and Secretary for the Board’s Multiple Listing Service.

Active in the community, Thompson served for years as a director on the Board of the Lake Gaston Association, and continues to help the association as Webmaster for their informational site.

Thompson welcomes the public to visit her website at [www.Lake-Gaston-Properties.com](http://www.Lake-Gaston-Properties.com) for an abundance of helpful information about purchasing, owning and selling Lake Gaston’s specialty real estate.