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## The Housing Market: An All Time High

Samantha Rigo  
Coastal Carolina University, [snrigo@coastal.edu](mailto:snrigo@coastal.edu)

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# **The Housing Market: An All Time High**

Samantha Rigo

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## **Introduction:**

Would you ever buy a house sight unseen? The Real Estate market is at an all-time high right now, causing many people to have mixed emotions. The agents are excited about the industry because it is very easy for them to make money currently, however it has been hard on them as well as their clients. Real Estate agents are struggling to keep up with all the listings of houses because of how fast they are selling. Houses are also not staying on the market for a long period of time. In Georgetown County, it is very common for people to relocate here, especially from out of state. It has been very difficult for people who are out of state, to buy their dream houses because they don't even have a chance to come visit, to look at them. The effects of Covid-19 are still lingering a year later. Covid-19 caused the market to basically crash and come to a halt. Many people are approaching an age where they can retire, which will prevent them from committing during an uncertain time. The Real Estate boom is great for houses that are already built; however, it is challenging for construction workers and developers to build homes. There is a shortage of lumber and workers. No one wants to work currently, so it has significantly increased the time frame negotiated to build. The Litchfield Company has been seeing an increase in sales every month and it is expected to continue to grow. The phones do not stop ringing all day with people looking for more information on the area and with walk-ins interested in buying. The method of my research addresses the question: Through a qualitative case study, how has the boom in the real estate industry affected Georgetown County?

## **Relationship and Analysis of SDGs:**

Georgetown County is considered one of the lower socioeconomic counties in all beautiful South Carolina. According to Data USA, "Households in Georgetown County, SC have

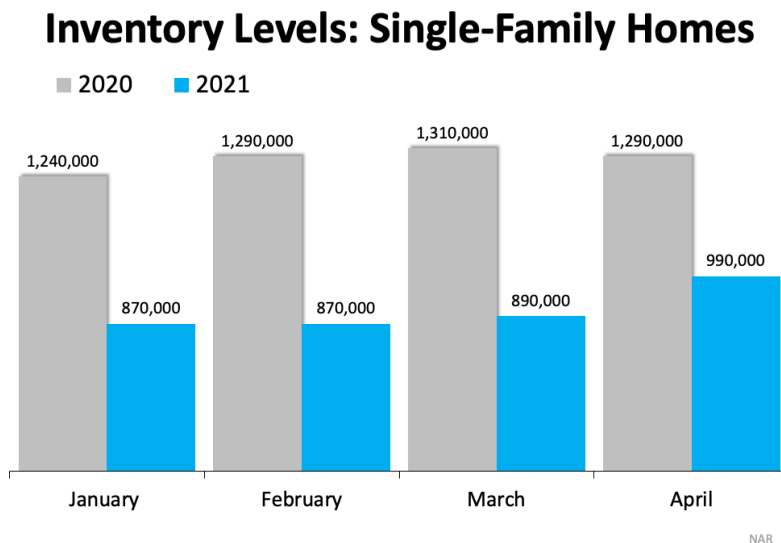
a median annual income of \$48,071, which is less than the median annual income of \$61,937 across the entire United States” (DataUSA,2021). Even though the cost of living is cheaper in the South, it can be difficult to afford the necessities in life with the average income in Georgetown County. Not only is the average income lower than the median of the United States, but they also have a poverty rate of 13.8%. Covid-19 caused many Americans and other people across the United States to lose their jobs and file for unemployment. Although this is no one's fault in Georgetown Country, it is detrimental to the poverty rate. Many Americans were left with the uncertainty of when their next paycheck would be coming and if they were going to be able to put food on the table for their families. Although life is starting to go back to normal, we still have a lot of work to do. With this ideology, it can be hard for people to afford homes as the market is extremely high right now. The Litchfield Company is a well-established real estate company in Georgetown County. This company is dedicated to adding great knowledge and education, while also providing clean and affordable homes to fulfill all their clients' dreams. All the employees are experts in this field and will do anything to make sure their clients are happy. They implement economic growth by promoting the value of all the beautiful homes in Georgetown County and other parts of South Carolina. This company has multiple locations that include some in Myrtle Beach, Murrells Inlet, Charleston, Pawleys Island, Waterloo, and Manning, South Carolina. This is a great way to promote their core values in other parts of South Carolina to make it more appealing to potential buyers. Even if our agents and employees are not familiar with a particular area of South Carolina, they will make sure they recommend you to someone who can help. During my time as an intern with The Litchfield Company, I focused on Sustainable Development goals 8 and 11. Goal 8 targets decent work and economic growth while goal 11 focuses on sustainable cities and communities. Economic growth is described as an

“increase in the quantity and quality of the economic goods and services that a society produces” (Roser, 2021). In the Real Estate industry, it is all about making money however, it's what you put in it as to what you get out of it. It takes a lot of time and effort to be successful in this industry. To measure economic growth, you take the success of how well a good or service is doing and comparing it to previous years. According to Coastal Carolinas Association of Realtors, in the year 2020, there were about 1,400 closed sales in Georgetown County. However, there was a significant increase in the year 2021 for a total of about 2,000 up until the month of June. (CCAR). The Litchfield Company is the largest growing Real Estate Company in all of Georgetown County. They constantly meet economic growth and with the help from all agents, they continue to increase sales and revenue to grow even more as a company.

**Data:**

With the market and inflation changing every day, it is important to measure the progress of how well the company is doing. During my 4th week of my internship, something very exciting happened for the company and we were able to have our first in person sales meeting in over a year. There was also a zoom option for those who did not feel comfortable being in a large crowd. With more than 50 people in the room, “Will Davis”, the Vice President and Broker in Charge of The Litchfield Company, explained how the company stands now that we were halfway through the year. Covid had a huge impact on real estate because it made it impossible for people to meet in person for showings, meeting with agents, etc. In 2020, the company's sales basically came to a halt, however in 2021, they are doing better than ever. For the month of June, we had a total of 562 listings, for a grand total of 204.1 million dollars. As for closings, the company had only 8 for the month, but this meeting was at the beginning of the month. Year to date, included 758 sales, for a total of 256.4 million dollars in sales. During the meeting, they

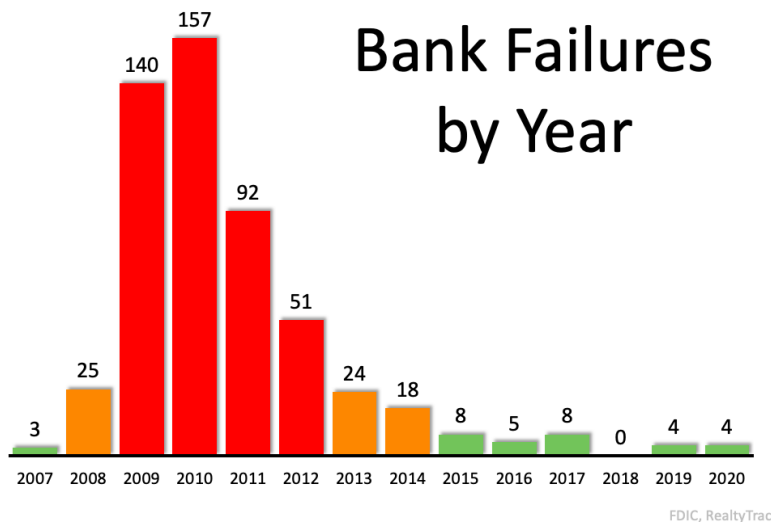
also stated that the company has made the same amount of money in half of a year, then they did all together in 2020. We are in the ultimate sellers' market right now. If you are a homeowner thinking about selling, now is the perfect time to do so. There is a high buyer demand with few houses for sale on the market, making it the optimal time. In the Realtors Confidence Index Survey published monthly by the *National Association of Realtors* (NAR), “buyer traffic is considered “very strong” in almost every state” (NAR, 2021). Not only are we experiencing this in our County, across the United States is experiencing it as well. The National Association of Realtors also stated that the “average home for sale today receives five offers from hopeful buyers” (NAR, 2021). This causes stress on agents not wanting to steer their clients in the wrong direction and on the sellers because it is hard to decide with so many offers. Another circumstance that can happen with frequent bidding wars from potential buyers is that it can drive up the price of a house. In the image below, it reveals the inventory levels of single-family homes.



In this graph, you can clearly see that there is low inventory of single-family homes in the year 2021. The price difference from month to month and year to year is revealed. NAR states that “unsold inventory sits at a 2.4-months’ supply at the current sales pace. This is far lower than the historical norm of a 6.0-months’ supply” (NAR, 2021). Essentially this means that houses are selling as fast as they are hitting the market.

Many people question whether the market is going to result in an economic crash like the one that occurred in 2008, if we keep going the way we are going. During the Great Recession in 2008, financial systems started to crash, resulting in many businesses having to file for bankruptcy and go out of business. RealtyTrac, a real estate information company, states that the main difference for the economy now and in 2008 is because we “changed the rules” (RealtyTrac, 2021). They also stated that “banks needed more reserves and that they could no longer underwrite toxic mortgages. It turns out that regulation — properly done — can help us navigate financial minefields” (RealtyTrac, 2021). The graph below displays bank failures from the past 15 years.

## Bank Failures by Year



In 2008, the government saw the bank failures as a top priority and set aside 700 billion dollars in the Troubled Asset Relief Program (TARP). The main difference in today's economy than in 2008 is that the government forcefully helped ordinary citizens in a financial time of need. Many people across the world have suffered through this past year financially and physically, however the economy is nowhere like it was in the Great Recession, which will not result in a housing crisis.

### **Case Study Analysis:**

Despite the pandemic that occurred in 2020, building permits have risen in Georgetown County. Halfway through the year in 2021, 561 new construction permits were issued. Although building permits are issued, many builders cannot develop homes in a reasonable amount of time due to the inflation issue. Lumber, appliances, and many other materials used to build homes are on backorder, causing builders to become behind because they cannot get the supplies they need. Although the number of building permits in Georgetown County seem extremely high, compared to Washoe County in Nevada, it is significantly less. Washoe County in Nevada for the year

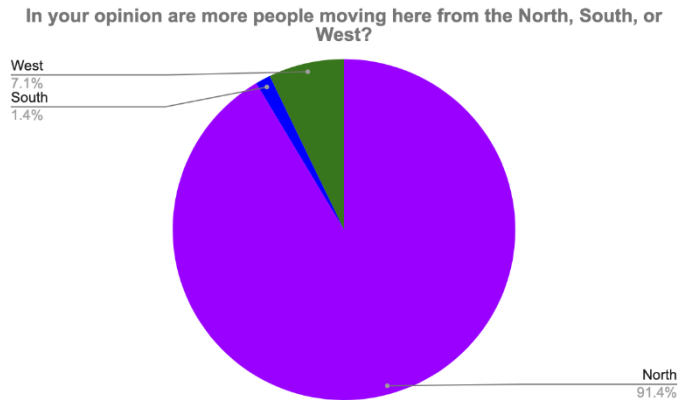


2021 from January to April, issued a total of 876 permits. This is over a 300 difference. Although it is hard to compare because they are two different areas, we can now see that Georgetown County is doing a better job with limiting the development in our area. With all this new construction in our County, problems with taxes, traffic, parking, etc. may occur. According to Hannah Strong from Georgetown Times, within the 561 permits, 384 are single family homes, 169 townhouses, 1 multifamily, and 7 commercial building permits. When compared to the year 2019, there were 279 single family homes, 11 townhouses, two multifamily, and 14 commercial building permits (Masuda, 2021). Almost every category in the year 2019, was significantly less than 2021. Also in the article, it stated that a lot of the growth is occurring along the Waccamaw Neck, which spans from Murrells Inlet through Pawleys Island.

### **Empirical Evidence:**

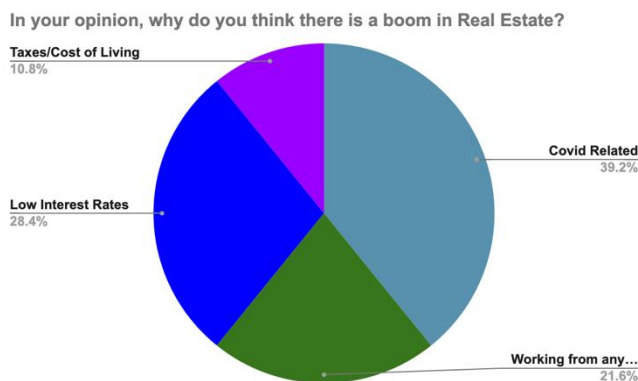
During my time at The Litchfield Company, I conducted a survey for everyone that works for the company to answer to receive data about the current market. What better way to incorporate data with real life responses from people that see it firsthand every day? I came up with a series of 10 questions that I thought would be crucial to understand about the market. It is important to take note that not everyone in the company can answer every question due to the position that they hold with the company. These questions are mainly oriented towards agents that work with clients that are ready to buy or build properties in Georgetown County. I received a total of 69 responses. The more responses, the better understanding we will have about the current Real Estate market.

**Figure 1:**



This chart reveals exactly what I hypothesized before conducting the survey. As someone from the North, I understand why people are predominantly moving here from that area. Out of the 69 responses, 64 of them stated that people are moving here from the North, 5 from the West, and only 1 from other parts of the South. It is interesting to know that more people are migrating here instead of having people who were born and raised here.

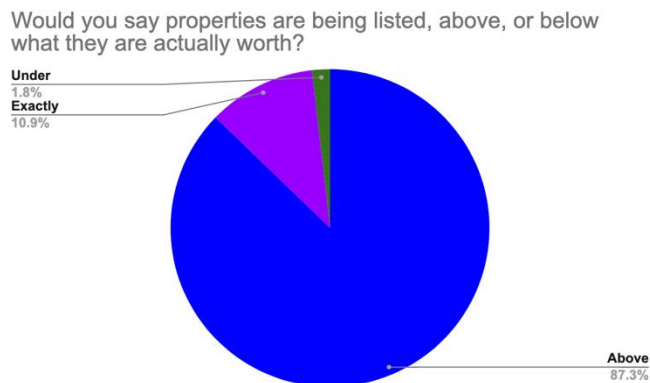
**Figure 2:**



There were a variety of different answers, however these were the top 4. As expected, the Covid-19 Pandemic was the main reason because after a whole year stuck in your current situation, more people wanted a change of pace and wanted to find something new. After

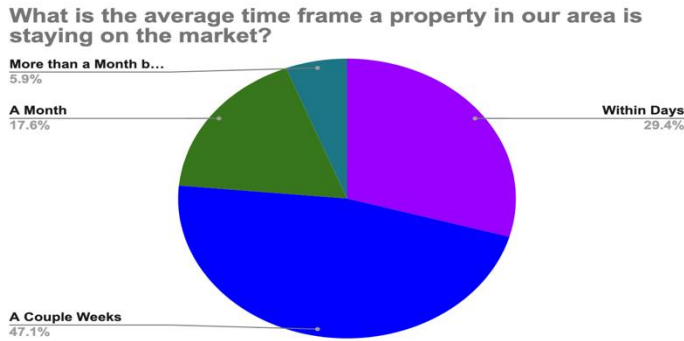
realizing that life is short, people are taking more risks and moving to different areas that they have always wanted too. Also, through Covid, many people either lost their jobs or were forced to adapt to a new working environment by doing so from home. Even though we are starting to get back to normal, some people still do not want to go back to work because they got comfortable working from home. The ability to work from everywhere also gives more opportunities for people to move to different areas they have always wanted to live in. The other reasons included low interest rates, although most people think that this will change soon. Finally due to the cost of living in the South and taxes.

**Figure 3:**



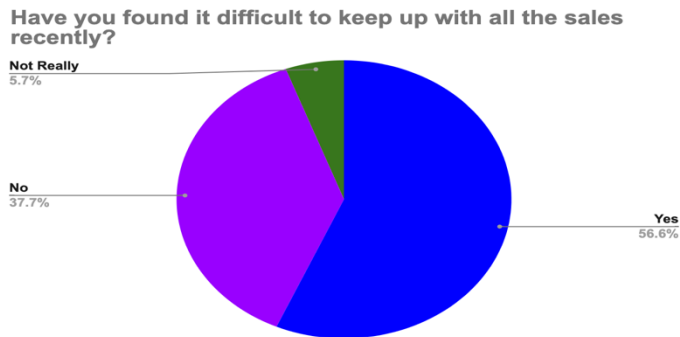
Through conversation in the office, I figured that it was going to conclude that properties are being listed above what they are worth. Out of all the responses, 87.3% of people said that properties are being listed above the appraisal because of the high demand. People are willing to pay anything in order to get their dream house right now. 10.9% of people said that properties are being listed on what they believe they are worth and only 1.8% believe that properties are being listed under.

**Figure 4:**



It is no secret that properties are not staying on the market, however this graph just proves how fast they are selling. 29.4% of the employees at The Litchfield Company feel that properties are only staying on the market a couple of days after it is listed. The largest percentage included the properties only staying on the market for a couple weeks, for a grand total of 47.1%. People also said that 17.6% believe that they are only lasting a month, while 5.9% of them believe that it is more than a month but less than a year. It is interesting to take note that the majority of the properties in this area are only staying on the market for about a week.

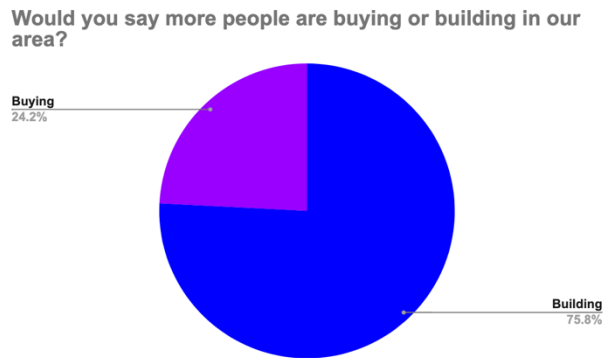
**Figure 5:**



My hypothesis was correct in this scenario and most people are struggling to keep up with all the property sales in the current market. Seeing the day-to-day work that all the agents do in the office, it is very clear that predominantly the people are struggling and running around

like crazy trying to make ends meet. Some of the people that stated that they are not struggling indicated that it was because they are new agents, and this is all that they know.

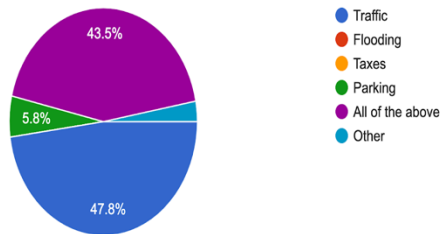
**Figure 6:**



There is a huge demand for properties currently, but we fall into the problem of lack of inventory as well. If you are thinking about selling a property, now is the time to do it. Buyers are willing to pay just about anything and many of them are putting cash offers. Although there are lots available to build on, it has been very difficult for people to do so because of the shortage of lumber. As stated above, lumber and other materials needed to build a house such as appliances are very costly and are backed up. It has put a lot of contractors behind on the initial time negotiated to build their clients dream house due to not being able to get the supplies.

**Figure 7:**

With more and more people moving here everyday, what do you think will be impacted the most in our area?  
69 responses



Being a local to Georgetown County, I can see the issues we are having with traffic. The Myrtle Beach area up Highway 17 is worse and can be very congested, however in the summer months, it can be the same way in Georgetown County. It is no secret that we are a huge vacation destination for tourists, but with more and more people moving here, the traffic is increasing. It has affected many people including myself. I now have to leave my house in the morning about 10 minutes earlier in order to get to work on time. The 5.8% of people that said parking is going to be the biggest issue, specified it with the beaches. On a beautiful sunny Saturday in July, if you are not at the beach by at least 9am, you are not going to find a parking spot with all the local beaches. There are only a limited amount of spaces so it is a first come, first serve basis. With more people migrating to our area, this issue is only about to get worse unless they figure out a way to add more parking spaces. Most people believe that everything listed in the above chart will be affected in one way or another with the more people moving here.

I also asked a question about what, if anything, the agents are doing differently to help their clients that are particularly out of state and the main response I received was virtual

showings. This can be in a variety of different forms such as Zoom, Facetime, and other video platforms. Agents expressed that some of their clients have bought properties sight unseen. Personally, I would never be able to do that, however with the effects of Covid a year later still lingering, this is unfortunately what we must deal and work with. Challenges such as traveling, and the lack of inventory make it very difficult for people who are not local to buy their next home. Clients are advised to act quickly and make offers on properties that they love even if it is contingent on seeing it. They also use their expertise and educate their clients on how to be competitive with the present market. This includes cash offers and making sure that all their finances are in place and be ready to act fast. If you have the means to pay with cash, you will automatically have an incredible advantage over people who need to borrow money from the bank. Oftentimes the sellers will even agree to lower the price for cash offers.

### **Recommendations:**

The Litchfield Company is also affiliated with developers in the area such as “Great Southern Homes” (GSH). The founders “believe in quality-built homes for today's growing families at affordable prices” (GSH,2021). They understand that purchasing a house is a huge investment, so they make the decision as easy as possible. Great Southern Homes build eco-friendly GreenSmart homes that help the clients save money on their utility bills every month. Going green is the future of the world. Without implementing more sustainable options in new development, the world will eventually become polluted, and wildlife will be disturbed. Being in a marsh friendly area, The Litchfield Company decided to team up with developing companies such as Great Southern Homes, to make sure that they let our area grow in a safe way. It is hard to stay sustainable sometimes when you are clearing trees to build, however this company follows a set of guidelines to protect the environment. They have certain zoning and planning

laws to follow and tree ordinances. During my research, I also found that there are not that many builders that are dedicated to being Green in our area. The question lies: What does it mean to be a “Green Builder”? According to The World Green Building Council, “A ‘green’ building is a building that, in its design, construction or operation, reduces or eliminates negative impacts, and can create positive impacts, on our climate and natural environment. Green buildings preserve precious natural resources and improve our quality of life” (WGBC, 2021). Some examples include, use of renewable energy, sustainable materials such as lumber and appliances, having better air quality, etc. Some recommendations that I suggest Georgetown County implants is having more developers and contractors that are dedicated to more “Green Building”. It is very easy for people to build anywhere and everywhere they see fit; however, this can lead to issues down the road. It is important to have designs that can adapt to a changing environment. With more “Green” builders, Georgetown County will be more sustainable while also protecting the environment.

### **Conclusion:**

During my internship I have also filled in here and there at the front desk answering phone calls and helping with walk-ins. All day long we receive calls and deal with people that are interested in finding more about our area. After asking in my survey what responses agents have been receiving from clients about the current market, I concluded that mostly everyone believes that it is crazy and can be frustrating. The sellers question if they are marketing their properties too low because of how fast they are selling, and the buyers are discouraged because they can't always get their dream homes. Employees of The Litchfield Company use their knowledge and expertise to educate their clients on what to do in a competitive market and make sure they leave feeling satisfied. The lingering effects of COVID-19 has led to the current Real



Estate boom. Although this market is unpredictable and many people are unsure if it will lead to a crash like the one that occurred in 2008, The Litchfield Company is dedicated to staying positive and connecting families with the finest selection of homes along South Carolina's beautiful coast.

Great report with good data. In some areas, you need citations – see comments above. Also, in your records section, it would be helpful to point out successful strategies that other coastal communities have employed for green building.

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