

Effects of Real Estate Program's Demise Already Showing "Wreck Coming Up in the Curve Ahead"

"Sounds like the [Hattiesburg] realtors are living in a fantasy world . . ." tcmullic, 2007

If you had a chance to visit the 6-Sept-07 issue of *The Hattiesburg American* you couldn't help but notice the article by staff writer Emma James entitled "Housing market is 'balanced,' realtors say." For convenience, a copy of that article is inserted below:

Housing market is 'balanced,' realtors say By EMMA JAMES

The subprime woes and subsequent problems that have wracked the national real estate market recently do not reflect the state of Hattiesburg's real estate market, Hattiesburg Board of Realtors President Sue Gallaspy said at a press conference Wednesday.

"Not only have we not been affected by what's going on nationally," Gallaspy said, "we're growing."

Local conditions play the biggest role in local real estate markets, said Broker Associate Adam Watkins of the DeLois Smith AllStar Team, making the notion of a national real estate market not entirely accurate.

"The term 'national' market is a little misleading," he said, "because real estate is a local market. There are economic factors in each market that can affect them differently."

The subprime mortgage collapse barely has affected the local real estate market, Gallaspy said, although it has caused lenders to become more cautious about the loans they underwrite.

"I think our lenders learned from that," she said. "You have to have good credit, and you can't buy a home if you have bad credit."

Dealing with local lenders, real estate agent DeLois Smith said, may keep buyers from getting in over their heads.

"If you deal with a local lender with a good reputation," Smith said, "they will be there to help with your financial needs in the long term."

While real estate agents acknowledged a number of reduced-price homes on the market, the majority of those homes were not originally priced at market value.

"Sometimes a seller will want to sell their home for a price that's above its market value," Smith said. "If they choose a price at market value, they won't have to reduce that price

later."

Gallaspy characterized the Hattiesburg market as a balanced one, favoring neither buyer nor seller. The average price of a home in the Hattiesburg area for the month of July was \$150,414, lower than the \$154,500 average in January.

A house stayed on the market an average of 71 days in July compared with 72 days in January. The number of houses sold in the Hattiesburg area also increased from 113 homes in January - traditionally a slow month - to 197 in July.

While the demand for housing caused by Hurricane Katrina has slowed, Gallaspy said, there is a greater supply of homes on the market and more time for prospective buyers to make a decision.

Several factors continue to keep the Hattiesburg market growing, Gallaspy said, including the medical industry, universities and Camp Shelby.

These industries, Gallaspy said, also provide a transient population, which causes turnover in the market.

"We feel a little insulated because people are still coming in," she said. "We have a very large transient community, in large part because of the medical industry continuing to bring people in with new families."

The market should continue to be balanced, Gallaspy said, because of projects designed to bring further diversity to the Hattiesburg area, including the USM Commercialization and Innovation Park, the Howard Technology Park, the Richton salt dome project and continuing commercial development in the Hattiesburg area.

"This diversity continues to protect Hattiesburg against adverse economic conditions," she said, "and provides for growth even when other economies in our country or region may not be growing."

Meanwhile, the current interest rate on a fixed, 30-year mortgage is 6.25 percent, real estate agent Wesley Breland said, which is relatively low.

The comments of the local realtor about the "subprime woes" and other "problems" that have "wracked the national real estate market" are quite interesting. According to Hattiesburg Board of Realtors President Sue Gallaspy, "[n]ot only ha[s] the Hattiesburg area] not been affected by what's going on nationally, [the Hattiesburg area's real estate market is] growing." While Gallaspy may hold such a view, many Hattiesburg-area citizens harbor concerns about the near future of the local real estate market. Even James' article above touts some data that justify those concerns, such as the relatively higher number of "reduced-price homes" on the Hattiesburg-area real estate market as well as the 2.6 percent drop in the average home price over the past six months. And, the price drop was not accompanied by any real reduction in the average number of days on the market, which has essentially remained constant at 71-72 days.

Though some local realtors attribute most of the existence of the “reduced-price homes” to sellers’ decisions to price above “market value,” many of *The Hattiesburg American’s* readers will likely view such an explanation as flimsy at best. This is especially so given Gallaspy’s admission that the Katrina-led boost in demand seems to be winding down and that the local area exhibits a buyer’s market. Gallaspy’s prediction that USM’s Commercialization and Innovation Park will create another boost to the Hattiesburg-area real estate market will likely turn more readers away than it attracts, given the fact that most local residents have had ample opportunity to witness the stagnation left behind at the old Van Hook Golf Course.

It’s likely that many Hattiesburg residents feel the same way that **tcmullic** does, as described by him/her in a **STORYCHAT** comment posted on *The Hattiesburg American’s* own message boards (see below).

STORYCHAT  [Post a Comment](#)  [View All Comments](#)

Sounds like the realtors are living in a fantasy world and haven't seen the wreck coming up in the curve ahead yet

Posted by: **tcmullic** on Thu Sep 06, 2007 9:26 am

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According to **tcmullic**, judging by the comments in James’ news story the local realtors are “living in a fantasy world” and they “haven’t seen the wreck coming in the curve ahead yet.” Is this how others view the situation? Probably so, and if you’ve had the chance to take a look at USMNEWS.NET’s “CoB Castles” report (see [CoB Castles](#)), then you can almost be sure that many in the CoB, such as Sami Dakhli, Harold Doty, George Carter, Farhang Niroomand, and John Clark are worried now more than they have been in quite some time.

If you’ve perused all of James’ story above, you may be wondering about the same thing as reporters at USMNEWS.NET – **where are the quotes from USM’s real estate faculty?** Of course, if you’ve kept up with USMNEWS.NET at all lately, you know that the CoB’s only real estate professor, Sean Salter, departed USM for Middle Tennessee State University in early-/mid-August. And, as reported earlier by USMNEWS.NET, Salter carried with him (to MTSU) nine refereed journal articles. This bundle included two articles in the *Journal of Real Estate Research*, two in the *Journal of Real Estate Portfolio Management*, two in the *Appraisal Journal*, and one in the *Journal of Housing Research*. Salter’s most recently published work (title, authors, affiliations and partial abstract are shown in the insert below), appeared in the latest issue of the *Journal of Real Estate Portfolio Management*. From the looks of it, Salter would have been a valuable resource, not only to the CoB’s real estate program, but to *THA’s* James.

Theory of the Real Estate Brokerage Firm: A Portfolio Approach

Executive Summary. A framework is established in which an investor (the real estate broker) must form a portfolio of two assets (two types of agents), each represented by their returns to the broker. The very risky asset

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Where does Salter's departure leave the CoB's real estate program? According to a stream of communications sent to USMNEWS.NET, some would say "in shambles." As our **Breaking News** series reported, EFIB chairman George Carter acted on Salter's resignation almost overnight by hiring LSU doctoral student Hsiao-Fen Yang (see [Salter Resigns from the EFIB](#) and [EFIB Chair George Carter Hires Salter's Replacement](#)). As the conclusion of the second of these two **Breaking News** items indicated (see below), it was not immediately clear that Yang held any academic credentials in real estate. Since



Hsiao-Fen Yang

Though Yang joins the EFIB from LSU's finance program, it's not immediately clear to reporters at USMNEWS.NET that she holds credentials to cover Salter's former duties in the EFIB. A recent check of USM's course catalogue shows that Salter is (was) the instructor of record for a number of *real estate* courses, including *Real Estate Law*. Our reporters will surely be following the developments in this case, with an eye especially focused on its implications for the CoB's already-sagging AACSB Maintenance of Accreditation efforts. At any rate, Yang's hiring continues the CoB's push toward a not-terminally degreed faculty profile, as well as the "old is new again" hiring policies discussed in Part 1 of the series "1979."

that **Breaking News** item was published, UMSNEWS.NET has received a number of tips indicating that Yang's knowledge of real estate principles and real estate law is minimal *at best*. Thus, even if available, Yang could not have served *THA's* James as a useful resource. Not only that, Carter's hiring of someone who does *not* hold any real estate credentials is also, according to tipsters, robbing USM students from a resource they need. Judging by the reaction of **tcmullic** above, the recent demise of the CoB's real estate program also appears to be robbing the Hattiesburg-area of a valuable resource in the service area assigned to one of Mississippi's institutions of higher learning – the University of Southern Mississippi.