



In a Yearlong Housing Downslide, Charlotte Keeps Getting Better

People Are Flocking to Charlotte Where They Get More Bang for Their Buck

By KATE SNOW and EILEEN MURPHY

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Charlotte, N.C., real estate broker and land developer Carl Fochler has watched this southern city change from a place with sleepy country roads to a bustling, sprawling city.

"We salivate every time someone comes from New York, New Jersey or Philadelphia because we know what their tax rates are. They are just astonished at how robust our economy is and by what they can get for their money."

In spite of the grim predictions for real estate across the country, Fochler isn't the least bit worried.

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Twenty miles outside of the city center there was nothing, Fochler explained. "Ten years ago this was a one horse town&It was all woods."

Could the pundits who've been saying that all real estate is local be right? Charlotte seems to be making a strong case.

While most of the nation is experiencing a downturn, home prices in Charlotte are climbing. The median price of a home has gone up nearly 6.5 percent in the last year according to the

National Association of Realtors, while the national median price was down by nearly 2 percent.

And brokers like Fochler are profiting handsomely, converting acres and acres of old farmland into new housing developments.

Creating Millionaire Farmers

"I jokingly said that I've made more farmer's millionaires than, what's that guy with the balloon? Ed McMahon," Fochler joked. "I've been in the right place at the right time. I would like to say it's a magic formula but it's just being in Charlotte in the right area at the right time."

So how did Charlotte avoid the fate of so many other parts of the country where the bubble has burst and home prices have plummeted?

One theory is while so many other markets like Miami, New York and Las Vegas were booming and bubbling, Charlotte was making a slow, deliberate climb. "They had a spike and then big letdown," said Fochler. "Here we have the banking and we have the job labor force."

Charlotte is one of a handful of cities experiencing steady and strong growth, bucking the national trend. Others include Portland, Boise, Seattle, Salt Lake City, Houston, Austin and Raleigh.

"We have over 80,000 folks coming new to Charlotte every year," said Fochler, a huge amount of people for a city with about 1.6 million people.

Banking on Charlotte

Hugh McColl deserves some of the credit. In 1998, his bank, Nations Bank, and Bank America announced a merger. The result was Bank of America, with its headquarters in Charlotte.

The merger made Charlotte the second most important center for banking in the nation, after New York City.

"Some of us think we're still just an overgrown country town," said McColl, "but the truth of the matter is we have a vibrant economy and lots of people from everywhere else in the world and that has been driven by the banks largely, initially."

It's not always banking, but in many of the cities that are still growing, one particular industry has taken root, creating steady job growth and drawing employees with money to spend on their homes.

"These are all for sale for about a million because they are up here on the road," said Fochler, pointing out a row of new homes.

In part, because housing prices here never exploded in Charlotte, the cost of living is much lower than in cities like San Diego or Miami and you get more house for your money in Charlotte.

"You can get a beautiful 7,000 to 8,000 square foot home with all the niceties -- the granite, the tile, et cetera, and the taxes on a million dollar home in Charlotte versus the rest the country are significantly less," Fochler explained.

'Halfbacks' Heading North

"A lot of people are transferring from up north," said Fochler.

Along with the dual income couples lured by jobs are retirees and baby boomers, many of them from the Northeast with money to pump into the local economy.

Some retired to Florida and then changed their minds and moved to Charlotte.

"We call them affectionately halfbacks," said Fochler. "They originally moved from up north and now they are moving halfway back home...the Carolinas surpassed Florida several years back as the No. 1 retirement state in the country," Fochler said.

They're attracted to Charlotte's location and more. "Close to mountains and beach," said Fochler. "We have a great work force, mean pricing well below national average. We have a low cost of living."

Lisa Huls is a new transplant from Minnesota. Drawn here by a new job, she also said Charlotte is a better bargain.

"I had a beautiful home there but it was 15 years old and it was significantly more expensive. I had a 4,800 square foot home in Minneapolis...I have almost 6,000 square feet here."

No End in Sight

Homes are still appreciating in Charlotte at a rate that's about twice the national average. Real estate analyst and investor Michael Knight expects that will continue.

"What's different here is a lot of markets across the country peaked and went up really quick

20 to 30 percent," said Knight. "We've been the beneficiary of slow and sustained growth. Relate it to the tortoise and the hare, where these other markets are jumping all over the place and we've just been a turbo turtle progressing along yet yielding positive results."

Perhaps there's a lesson here -- beware of hot markets. Like the story of the tortoise and the hare, slow and steady is the market that really wins the housing race.

Even if it does mean strip mall after strip mall, gated community after gated community.

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