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Last modified: Wednesday, July 22, 2009 1:17 AM CDT

Local housing trends offer good news, bad news

By [Brian Flinchpaugh](#)

Buying or building a house in the St. Louis area, including North County, may never be the same, given the economic downturn that has greatly affected the housing industry.

The realization is emerging that the area, like the nation, is entering a brave new world where previous assumptions about everything from the kind of housing people want to how housing is financed, built and sold are up in the air.

Several local housing authorities recently discussed current housing trends, which appear to be a mix of good and bad news, during a seminar at St. Louis Community at Florissant Valley, sponsored by North County Inc.

The good news is that there are positive indicators for home building in the area and in North County.

An increase in housing permits began in May. However, the number of housing permits expected to be issued in the region this year - a little over 3,000 - is far below the nearly 10,000 issued annually from the late 1980s until the middle of this decade.

"We feel like we're seeing the bottom of the St. Louis market," said Joe Zanola, president of the Zanola Co., a market research firm that examines housing issues in 10 counties in Missouri and Illinois.

But Zanola cautioned that the area home building industry would not return to what it was in the middle of this decade. He said financial institutions are not financing the kind of new housing developments that once were common. And the economic downturn has devastated the ranks of home builders, many of them now out of business, he said.

The region also has a large inventory of building lots - 34,840 - that remain undeveloped and will take as long as 10 years to work through. Zanola said as many as a half of those lots may not lend themselves to the type of homes buyers want in the future.

Over the last few decades, builders built larger homes geared toward families.

"If you had a family with an SUV and pets, there was an endless supply of that kind of house," Zanola said.

But in recent years, as the region's population has aged, there has been an increase in the number of single and two-family households and a demand for lower-priced housing in

the \$175,000 range, he said.

The aging population is apparent in North County, said Mark Tranel, director of the University of Missouri-St. Louis Public Policy Research Center.

Tranel said North County has a large "aging in place" population as well as an aging housing stock. Tranel said municipalities may have to look at issues such as modifying homes to add space, neighborhood outreach and maintaining mixed-generation communities. They may have to evaluate housing options such as senior retirement communities, seniors-only apartments, housing units with a separate entrance for older adults on the same single-family lot, or shared housing where seniors share their home with a roommate.

Another disturbing issue is the continuance of foreclosures.

Mike Duncan, research manager for St. Louis County, said foreclosures reached a record 4,205 in 2008 and started to drop each month earlier this year. However, in June, foreclosures started to rise again. They may continue to increase due to rising unemployment, he said.

Duncan said 75 percent of foreclosures in the county have occurred in North County.

Rory Schwartz, vice president of Prudential Patterson Realtors, said low appraisals of homes and a tightening of credit also have affected sales. Yet there are opportunities that didn't exist before for home buyers, particularly an \$8,000 tax credit for first-time buyers or buyers who want a larger home.

"There is no better opportunity to buy than right now, no better time to invest than right now," Schwartz said. "North County needs to come together and go out and buy them."