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Conroe real estate market weathers recession

By **BETH KUHLES CHRONICLE CORRESPONDENT**

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David Hopper For the Chronicle

BUILDING CONTINUES: Framework goes up on two new homes in the Graystone Hills subdivision, at Park Boulevard and Longmire Road in Conroe. The rolling hills offer different elevations for homes.

Before the recession, Conroe was going through a major growth spurt, adding 43 new subdivisions and more than 3,000 homes in the city since 2004.

While new home construction has slowed in 2009, there are still lots being sold and new homes being built in the city in such places as Graystone Hills, Hidden Creek, Pinewood Forest, Teas Lake and Sterling Place. The resale market is picking up with people seeking bargain home prices and low interest rates. City leaders said

Conroe is weathering the economy just fine.

“We still have builders building homes,” said Conroe Mayor Webb Melder. “We had 43 new subdivisions in the last five years, some big and some small. We have excellent schools, a good employment base, taxes are down and we have parks and cultural programs. We also have Lake Conroe.”

Strong sales

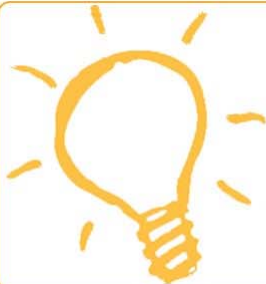
While media reports focusing on the gloom and doom in the residential real estate market, the news is good in Conroe. In fact, one real estate company said they are having their best year ever, as buyers head to the market for bargain prices. Ford Bazar, owner/broker of Ford Realty, said interest rates are at their lowest levels since 1955, and home buyers can purchase homes at 65 to 70 cents on the dollar.

“I had 132 closed sales in the 2008 and I had more sales in the first three months than I’ve ever had,” Ford said.

Bryan Anthony, owner/broker for ERA Allstar Properties, said the only sector not doing well is the least expensive housing. Because of new requirement for good credit and down payments, that market is drying up.

New home sales are not fairing as well. While 854 new homes were built in 2006, this year only 31 permits for new homes have been filed to date.

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“We are still selling lots,” said Chris D’Agostino of D’Agostino Companies, which has developing many subdivision in Conroe, including Teas Lake, Sterling Place, Park at White Oak, White Oak Landing and Hunter’s Glen, to name a few. “I am closing on three lots this week, and two next week. We still have people building housing. It’s not as bad as you think.”

Tim Fitzpatrick of Friendswood Development, which owns Graystone Hills and Hidden Creek, said he expects a flat year in sales, but great improvement in 2010. He believes his development are doing better than most because in times of uncertainty, buyers tend to go with names that are known.

“What you are going to see when we get out of this is Conroe taking off,” Fitzpatrick said. “It’s got a small town feel, but big city conveniences.”

Room for growth

Many realtors and developers cite the strong economy in Conroe for the success. Conroe continues to attract new businesses to its growing industrial center at Conroe Park North and retail sales are strong in the emerging shopping center markets. New schools are planned, there is good health care and the area has plenty of recreational opportunities Taxes are low and housing is affordable, realtor said.

“It’s a nice way of life,” said John Eckstrum, of First Group Real Estate Services. “We still have the hometown, East Texas flavor, but we’re pretty metropolitan as well. We are creating an

environment of jobs. You have the opportunity to stay and work here for three and four generations living in one town. They’re coming back, you can come back to the community if you are a doctor, an accountant or a lawyer. We didn’t have that before.”

Melder said development continues throughout the city and that new businesses and developers are in the wings ready to built when the economy improves.

“Conroe was doing good prior to the turndown,” Melder said. “We were growing 360 degrees. We are still growing, just not at that fast pace. There are a lot of things on the drawing board.”

Sales tax collection, which funds much of the city’s budget, are still impressive in the community, with continued growth over the previous year. Sales tax was up 22 percent in the month of October and five percent in January, Melder said.

“Just look as the restaurant, the traffic and the businesses,” Bazar said. “I don’t see any difference than a year ago.”

Bazar said many buyers are taking advantage of foreclosures in the community and the hottest market for him is for homes with acreage. Because taxes are cheaper and acreage is not often as quickly reappraised as subdivisions, buyers are getting a lot for their money.

“Our county is tops in affordability, and our housing is a bargain,” Bazar said.

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Bryan Anthony of ERA Allstar Properties said Lake Conroe is the secret to the city's success. While it used to be a haven for vacation homes and retirees, now it is within commuting distance of Houston.

"It is the driving force," Anthony said. "What was a recreational lake is now a suburb of Houston."

Eckstrum said the rolling hills of the northwest section is drawing a lot of buyers.

"It's rolling and wooded and a nice countryside," Eckstrum said.

For D'Agostino, Conroe is part of the natural progression of growth along Interstate 45 following the success of The Woodlands.

"Conroe is doing excellent with its job growth," D'Agostino said. "But Conroe isn't doing anything special. It is on the path of growth along I-45 behind The Woodlands."

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