

Coastal Bend is expected to bounce back from BRAC

Strong market for developers, builders is cited

**By Fanny S. Chirinos and Amanda Nelson Caller-Times
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The red-hot real estate market has sufficient momentum to overcome the Defense Department's base-cutting plans for the Coastal Bend, agents say.

"I think it will have an effect, but I don't think it will be devastating," said Edd Price, a local Realtor with Century 21 Hallmark and secretary/treasurer for the Corpus Christi Association of Realtors board of directors. "It may slow it down a little bit, but I think it will pick up and go on."

Local communities initially expect the worst from a base closure - lost population, lost jobs, collapsing housing markets and a poorer quality of life for those left behind.

Those fears are substantiated by a 2005 Base Reutilization Status report from the Government Accountability Office stating only one-third of all communities have rebounded to pre-base-closure economic status. A cause for further concern is the estimated direct and indirect loss of about 7,000 jobs that would result in the Coastal Bend from the proposed closures announced Friday.

But local Realtors and developers remain optimistic, based on the recent boom years for real estate sales and the signals they've seen for future growth independent of the military.

Residential housing activity has increased steadily in the Corpus Christi area since 1992 and gross retail sales have almost doubled since 1992, according to the Real Estate Center at Texas A&M University.

The increase went from steady to precipitous the past two years. Last year was a record for home sales in Corpus Christi - the

most sold and the highest average price - based on figures from the Coastal Bend Multiple Listing Service. The sales generated 26 percent more money than 2003, which also was a stellar year. The Corpus Christi Association of Realtors reports that 2004 was a record year for the number of homes sold, almost 5,000.

Corpus Christi is ahead of the state average in home price appreciation, according to the Office of Federal Housing Enterprise Oversight.

Commercial real estate broker **Matt Cravey** said if there was ever a time for the local economy to withstand realignment of Naval Air Station Corpus Christi, this is it.

"Obviously any loss is not good," he said. "The good news is that Flour Bluff, which probably will be hit the hardest, has unbelievable growth right now."

Cravey said major retailers are looking for sites in Flour Bluff, and the area soon will see some major announcements about new and expanded retail.

Local Realtor Gene Guernsey said it's important to remember the final decision on realignment won't be made until September, and then there still will be a delay to the procedure in actually moving personnel out of the area. Out of the 1,000 military personnel from Naval Air Station Corpus Christi, Guernsey said just a few hundred own homes in the area.

"The loss of jobs and income will be gradual and can be absorbed," Guernsey said. "In any event, it is correct to say that we've got such a seller's market that having a few more houses on the market can easily be absorbed," he said.

Even in Ingleside, with its Navy base recommended for closure and the possible loss of more than 2,000 military and civilian personnel, the outlook was confident.

"It will definitely affect the market, but I don't think it's going to be long term," said Stella Herrmann, a Realtor and city councilwoman in Ingleside.

"I think that people are going to start getting nervous, and they're going to put their homes on the market, but there are a lot of people out there looking," she said. "The market's been excellent."

Military and military support personnel make up a large part of the area, but not the majority, Hermann said.

"People are moving in who have no ties to the military and property values have gone up," she said. "They're moving here because they're retiring, to be closer to the hospital and to live a better quality of life."

Naval Station Ingleside has more than 900 acres that could attract businesses needing a pier and a deep-water channel, said Herrmann, and area builders aren't worried about the BRAC list.

Ingleside City Manager Mike Rhea agreed, saying people are buying homes before they are completed. Even with military personnel amounting to 20-25 percent of the city's residents, Rhea said, a base closure would not be as detrimental as people might think.

"Other projects are taking place in the area and people are being brought in constantly," Rhea said. "Builders aren't worried about the base closing. They're looking at the potential of the area independent from the base."

Bill Underbrink, owner and broker of Underbrink and Associates L.L.C., said he wants to keep the base open but its closure could mean better things in the long run.

"I'm spending a lot of money in the area because that's how sure I am that the area will have an economic boom. Five years ago, if the base had closed, I would have led the parade out of town. Today, it will hurt the area for about a year and then it'll rebound."

Contact Fanny S. Chirinos at 886-3759 or chirinosf@caller.com or Amanda Nelson at 886-3678 or nelsona@caller.com.