

THE TIMES

How have some parts of the US escaped the property bust?

Rhode Island, Texas, North and South Carolina and parts of upstate New York are doing fine through the credit crunch

By Suzy Jagger

For the group of golfers drinking bourbon and looking out over Narragansett Bay, Rhode Island, the American credit crisis seems to be a phenomenon that happens to other people. The secure golf community of the Carnegie Abbey Club sits in the heart of the country's faded wealth. The club is hoping that the surrounding wealth is not so faded that it will not be able to sell its new penthouse for \$14.5 million (£8.2 million).

Not everyone in the US has been trapped by one of the worst property slumps since the Depression. Sprinkled across America are pockets of property owners for whom the 40 per cent house-price declines in Florida and California are mere newspaper headlines. Areas of Rhode Island, Texas, North and South Carolina and parts of upstate New York have benefited from increases in property values while the rest of America struggles to comprehend the speed and severity of the property crash.

Why has America's financial tornado avoided these areas? Real estate experts and economists argue that because some states, such as Texas, missed out on the property boom earlier in the decade, home prices became less inflated. At the same time, parts of Texas and the Carolinas typically have few residents with sub-prime mortgages - the loans that helped to trigger the credit crisis. With only 9 per cent of American mortgage holders defined as sub-prime - typically, people with patchy credit histories or low incomes - traditionally rich neighbourhoods such as Fort Worth, Texas, steeped in old oil money, have been immune to the defaults of such borrowers.

According to the National Association of Realtors, during the second quarter of this year homeowners in Long Beach, Los Angeles, suffered a 29.5 per cent slide in the value of their properties compared with the same period last year. Fort Lauderdale, Florida, experienced a 19.3 per cent decline. But 300 miles up the coast, residents of Greenville, South Carolina, experienced a 5.1 per cent rise over the same period.

Laurie Brants, the head of Brants Realtors, founded in 1926 in Fort Worth, explains: "Our market never got a huge upswing. We were never like California or Florida. In the old, luxury neighbourhoods such as Westover Hills and River Crest, we have seen price rises of about 10 per cent over the past few years. Houses round there are typically around five-bedroomed, on quite a bit of land, maybe an acre or two, have large porches and cost anywhere between \$3 million and \$7 million. We are seeing healthy demand for those kinds of properties."

Brian O'Neill, the owner and developer of the Carnegie Abbey Club, is hoping that his 16 new luxury cottages and 79 swanky apartments will avoid the property collapse. About half have already been sold and will be ready to move into next month. A two-bedroom, three-bathroom flat with two balconies and a view of the bay is on the market for \$1.9 million, equivalent to a similar property in the heart of Manhattan.

Carnegie Abbey believes that it can achieve such prices because of the kinds of services it offers. Although a resident has to pay as much as \$175,000 to become a member of the golf club to buy a home there, the club claims that it offers value for money with an equestrian centre, plans for a large harbour for yachts and a clubhouse with a top chef.