

Island Events article

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SUPPLY AND DEMAND

Spotted Bananas

We have all heard it before. Car dealers scream from the radio and television, "buy now while supply lasts". Department stores announce, "limited quantity sale", and mail order houses offer "limited edition" products.

These advertisements are playing on the most well understood economic law in the market place — supply and demand. By emphasizing a limited supply, they hope to encourage possible buyers to action.

We hear this sort of thing so often we become immune to the message. We also know the car dealers will make more cars, department stores get new merchandise daily, and next week the mail order houses will have another limited edition product.

There is one thing, however, that really is limited — land. As Will Rogers said, "They ain't makin' no more of it". When the land you are talking about is an Island, that is even more true. At the risk of sounding like the car dealers and merchants, if you've thought about owning property on Hilton Head, hurry while supplies last!

As I mentioned, we've all heard this sort of thing before, so some examples may help to illuminate exactly what is meant by limited supply:

NUMBER OF ACTIVE LISTINGS IN HILTON HEAD MULTIPLE LISTING SERVICE

	<u>May 1992</u>	<u>May 1993</u>
Homes in Sea Pines Plantation	250	227
Homes in Hilton Head Plantation	170	149
Homes in Wexford Plantation	31	18
Villas in Palmetto Dunes Plantation	260	217
Villas in Shipyard Plantation	165	102
Villas in Sea Pines Plantation	195	151
Lots in Palmetto Dunes Plantation	168	113
Lots in Sea Pines Plantation	145	125
Lots in Long Cove Club	85	79

Looking at these examples should give an indication of why "buy now while supply lasts" just may be an accurate statement when discussing property on Hilton Head!

A friend used a perfect illustration of what is happening now in the Hilton Head Island real estate market. He compared the real estate market today with shopping at the grocery store for bananas. Just after a new shipment arrives, there are plenty of nice, firm, yellow bananas available. A few days later, if you want bananas, you have to compromise and settle for ones with little brown spots.

Right now selections of Island properties are pretty good. Buyers may have to pay a little more than last year but should be able to find just the right property to fit their needs. Just like buying firm, yellow bananas. But every time a lot sells and a new home is built, that's one less lot. Every time a home sells, that's one less home available. When a villa sells that's one more off the market.

If you have been thinking about Island property for a while but have been procrastinating, you haven't been hurt too badly *yet*. We still have a good selection of great properties. If you wait too much longer, be prepared to pay higher prices for properties and settle for some brown spots!