SERIES: OUR TROUBLED ECONOMY

Leland hit by slowdown, but not quite as much

By Jonathan Spiers
Staff Writer

In 2006, when building was booming in northern Brunswick County, permits issued for new construction in the burgeoning Town of Leland totaled 1,031. This year, as of November, the town has issued 415 permits, less than half that amount.

The numbers speak for themselves as to how the rate of development in Leland has reduced — considerably less than the boom of just a few years ago, yet more than most towns its size can claim today.

Earlier this decade, Leland led the way for growth in Brunswick County, doubling in size with the addition of Brunswick Forest and attracting a population exceeding 10,000, turning what was just a small town across the river from Wilmington into the biggest municipality in Brunswick County.

Like seemingly everywhere else, growth has tapered off, but not so much that the town is in dire straits, said mayor Walter Futch. The town is in a hiring freeze, and all departments have been asked to cut five percent of their budgets and put those monies into a reserve fund.

"We're just doing that as a precaution," Futch said. "Right now, we're not really seeing a lot of impact. We're bracing for it, just in case."

Such preparations have included reducing the town's reliance on revenue from building permits, which staff coordinated prior to the dramatic drop in development. However, Futch said buildings that are being built represent quality over quantity.

"We've dramatically reduced the quantity of building permits, but the quality has gone up," he said. Among what is currently going vertical are the New Hanover Regional Medical Center facility at Brunswick Forest and two hotels.

"One of my goals as mayor was to not rely so heavily on building revenue. My opinion was that is one-time money, so we took that and used it on one-time things," he said, listing an overhaul of all town-maintained roads and new facilities for the fire and rescue department.

Noting the McDonald's restaurant underway along U.S. 17, Futch said commercial construction is and should continue to be the town's strong suit.

"I think we're going to see commercial is going to come," he said. "You get enough people, and commercial's going to want to sell to them. So I think that's going to be a big plus for us."

This year, though, several Leland area-based businesses have been hit hard by the economy. Among them, Dean Hardwoods Inc. filed for chapter 11 bankruptcy, Premier Molding Plastics Co. was sold, resulting in the layoff of 40 employees, and Brunswick Corp. closed its U.S. Marine boat manufacturing plant in Navassa, resulting in the loss of all of the plant's approximately 270 jobs.

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Exception to the rule

New-home construction remains active in Leland, albeit in lesser numbers than those of previous years. Residential communities such as the Willows off Village Road and Windsor Park off U.S. 74-76 have continued to churn out affordable houses and starter homes despite the current economic climate.

Most visibly bucking the building trend is Brunswick Forest, which has maintained development of residential neighborhoods and recreational amenities despite the economic downturn, due primarily to the financial backing of Lord Baltimore Capital Corp., a privately held trust representing descendants of the Amoco oil family fortune.

With more than $2 billion in assets, the independent private investment organization has given Brunswick Forest the ability to provide neighborhoods before homes, rather than the other way around. Typically, infrastructure such as roads, sidewalks and street lamps are contingent on sales — homes are built first; then come the amenities. Providing such amenities beforehand has in turn attracted homebuyers to Brunswick Forest, where houses not only continue to be built, but also continue to sell.

Since starting construction two years ago, according to spokesman Tobin Spirer, Brunswick Forest has produced 457 homes with sales in excess of $200 million. This year, through November, Brunswick Forest sold 122 units for $44 million, at an average sales price of $388,000.

"That puts us really in certain categories with more than a 70-percent market share among Brunswick County properties," Spirer said.

"Why are we doing so much better than anybody else? I think there's a couple answers," he said. "One is the resources and stability of the developer. Everything at Brunswick Forest has been paid for out of that trust. There is not a penny of debt. Location, price, product, developer resources and amenities in place I think are the reasons why."

Yet Brunswick Forest is not the sole reason new home construction remains active in and around Leland, said Mike Tedder, a broker with Coldwell Banker Sea Coast Realty. He credits Leland's proximity to Wilmington across the river, the affordability of homes in newer communities and lower tax rates than those in New Hanover County as reasons why building and buying has continued in town.

"There has been a mass migration across the bridge," he said, noting that many of the communities coming on-line feature houses listed for about $150,000.

"Brunswick Forest has been a real plus," Futch added. "They're still building houses and commercial. And the Willows and Windsor Park are still doing it too. They seem to continue to be building and selling. It's by far not just Brunswick Forest."

Nonetheless, Brunswick Forest, which encompasses 5,000 acres along the south side of U.S. 17, continues to develop outside market trends, and not just in homes.

The community is creating a commercial center that will feature 500,000 square feet of professional, commercial and retail facilities. Already signed up to occupy a 40,000-square-foot building is New Hanover Regional Medical Center, which is making its first foray into Brunswick County.

Even with such success, Brunswick Forest is not immune to the downturn in the housing market, as shown in the lower sales figures this year when compared to last.

"We are running into the same objections that everyone else is running into, which is one, I can't sell my house up North, and two, I can't get financing," Spirer said. "But apparently the tangible quality of the product we're offering is able to defeat many of those arguments.

"We are below budget expectations, without question," he added. "We hoped for another $12 million in sales at this point in time. But all things considered, through the end of November, 122 units and $44 million is acceptable to us, considering how awful the climate is out there.

"We hope that things are going to start loosening up by the first quarter of next year or at the latest mid-next-year, and I think we're very well-positioned to take advantage of that when it comes."

Photo contributed

Work has begun on a 40,000 square foot New Hanover Regional Medical Center building in the Villages at Brunswick Forest, one of the area's fastest growing communities.

LELAND

Man dies in single-car accident

A Leland accident Sunday left one man dead and two others critically injured.

The accident occurred on U.S. 17 about two miles south of Leland at 4:09 p.m. Sunday, Sgt A.E. Morris with the N.C. State Highway Patrol said.

William Charles Lambert, 72, of Longs, S.C., died in the crash. Fran Derose, 81, of Little River, S.C., is on life support and is listed in critical condition at New Hanover Regional Medical Center. His wife, Irene Derose, 78, is also listed in critical condition at the same hospital.

Lambert was driving a 2002 Honda sports utility vehicle south on U.S. 17 and ran off the road to the right. The SUV struck a driveway culvert, Morris said, and flipped. Lambert and Irene Derose were thrown from the SUV. They were not wearing seatbelts, Morris said.

"It looked like he just ran off the road," Morris said.

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