



nererj

The glass is half full: Mass. is on the right track

September 10, 2010 - Appraisal & Consulting

Statistics abound about what a lousy economy we are in. There's lots of bad news about real estate. You can read it in local and national newspapers. You can watch it on CBS, NBC, ABC, Fox and a million cable news stations. Or download stories from the internet about how bad things are. They are all true, but at the same time they are not.

When appraisers are given an assignment to research a particular property or a neighborhood, there is plenty of good news to report. By and large, real estate values in Massachusetts are on the mend. The broad statistics show prices have increased 4.21% since the beginning of the year. Prices are up 3.52% in Newton and 3.72% in Wellesley; that's reasonable as they are affluent communities whose residents are likely to have higher paying jobs and greater financial resources. But look at Brockton (up 7.16%), Lynn (even), Lawrence (up 8.7%), and Lowell (down only .31%). Even in these cities, known for having less affluent populations, lower real estate values, greater unemployment and more foreclosures, average property values are starting to increase. Moreover, there are bright spots in the number of new petitions to foreclose - down significantly in Newton and in Brockton.

It is true that prices are up slightly, but the number of transaction are still down. That's a reason for concern for real estate brokers, mortgage originators, conveyancing attorneys, appraisers, home inspectors and Title V installers. But it should make clear the value of these professions. To the casual observer, it's a bad market so why bother. To the professionals, it says that their profession matters. Each market is different and each property is different. Separating the national news items from individual properties is a job for a professional.

Properties that are actually selling have increased in value because they have characteristics demanded by the marketplace. Those homes in poor locations, with poor original quality of construction, or in unsatisfactory current condition are the ones that are languishing in this slow market. Those less-desirable properties might still see falling prices. It is even probable that the prices of the best properties have increased substantially since last year; statistical math tells us that if the averages are up and some prices (most likely foreclosures) are still falling, then the top of the market might be rising quickly.

In the run-up to the crisis that started a couple years ago, there was little clear differentiation of data. Prices were increasing at incredible rates in all parts of the country, in every city and town, in all of the neighborhoods and largely without regard to quality, condition, style or age. Back then, broad metrics - like we hear on the nightly news - were all that the market knew. "Everything is increasing in value - buy now." "Mortgage rates are low - buy now." "Values will keep increasing - refinance now." It's much different now.

Granted, there are a lot of properties at the bottom of the market that need to be sold at a steeper discount - or fixed up significantly or even demolished. But things are getting better throughout Massachusetts. Florida and Arizona and Michigan and Detroit have entirely different sets of

problems and it will be a lot longer before they solve them. But in general, Massachusetts is on the right track.

So if you want to you want to know what's happening on average in all of America, go to a one-size-fits-all service - a national TV network or Zillow. If you want to know what's happening in a particular neighborhood, or to a particular property, hire an professional appraiser.

Shaun Fitzgerald is president of Fitzgerald Appraisals, Easton, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540