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## **William Pastuszek - Spring only rarely comes to N.E.: This year it didn't come physically or in real estate**

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Consistent with the fact that most of us believe Spring only rarely comes to New England and that there are only two real seasons in New England, spring did not show up this year, either physically or in real estate. So now we have to look forward to long, dry, hot summer.

Spring for those engaged in 1-4 family housing markets usually consists of an uptick in volume, pricing, and attitude. Buyers come out in the late winter and spring ready to buy in anticipation of the beginning of a new school year in the fall.

This hasn't happened yet this year. Some observers say that the spring market will come, only later. And there are signs of that in certain markets. And many sub markets are going just fine, thank you very much.

Markets of all kinds are driven by supply and demand. And supply and demand is driven by expectations. So market psychology and market perceptions (real or not, based on reality or not) have a lot to do with buyer behavior to be sure.

Buyers aren't feeling very good about the prospects of housing. Why should they? Indicator points to flat, declining, underperforming markets where the gains of the last decade have been largely wiped out. If that is so, buyers are a/ not going to buy, which explains the strength of residential rental markets or b/ will buy at prices that don't have much appreciation built in. That leaves sellers, especially those who bought during the boom, often in the deep end of the pool.

The dismal data, whether capable of being explained away or apologized for or not, leaves markets in an unhappy state. If prices are headed down again or if they are simply not going to move a lot, the role of housing as a source of wealth gain and a sound investment is very much in jeopardy. It may be too soon to bring out the gloom and doom bells but it is a matter of more than passing concern, even if the housing recovery is just deferred. Housing is too important a component of this economy's well-being to be still struggling after such a long period of decline.

For housing professionals, a continued period of doldrums presents a very large challenge. How do we quantify demand for housing markets that are static or declining and where the psychology of buyers is to avoid risk by not paying too much or not paying at all and thus keeping money out the economy that could otherwise be providing much needed stimulus.

By most measures, the general economy is not that bad off. It could be better, to be sure. There are disquieting signs in the short term but one has to step back and not make rash judgments based on too little data. On the other hand, there is no boom upon us either. Some observers are speaking of a "double dip" recession; entirely possible but not entirely probable unless there are a series of destabilizing events that kick the props from under a fragile recovery. Housing may be headed in a different direction. Buyers, even in housing, act as a herd and the herd looks like it may just mill around for a bit until spring really comes and the grass really is greener on the other side.

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