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Light winter, what about the spring? What weather can do to real estate markets

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It's been a mild winter in New England, of nearly historic proportions. Many of us are thinking golf in March with daffodils not far behind. But that could change in an instant because it's New England.

How does this relate to real estate markets, have we turned the corner there? Are sunny (sunnier) skies and green grass in the offing or is this going to be another cheap trick like the weather?

Dow is at 13,000. That took a while. And, will it stay there?

Unemployment finally moved down nationally. Massachusetts' rate suggests veritable boom times here by comparison, though we all know that to be untrue in reality. There is plenty of pain in Eastern Massachusetts/Boston and even more out to the south, north, and west. Recovery is not a word used in strong connection with the economy just yet.

Optimism abounds in commercial real estate markets. At least some hopeful signs are out there that indicate that the prices some investors are paying for some buildings will result in tenants, and tenants paying decent rents, filling up (and staying in) these buildings over the near future.

Multi-family markets are the new flavor. Everybody wants to be in the rental apartment business. Since home ownership is not what it once was, everybody is going to be a tenant from now on and demand will be endless for high quality rental housing.

Let's take a look at housing markets.

* The Massachusetts Association of REALTORS reported that January 2012 home sales were up over the same time last year. This represents seventh straight months of year-over-year increases. Median prices were down for single-family homes and essentially flat for condominiums compared to the same time last year.

So, there were more sales but prices trended down.

* (MAR) reported that the number of single-family homes put under agreement in January went up again for the ninth straight month compared to the same time in 2011. Condominium pending sales were also up from the same time last year.

More activity is good, right? Foreclosures were up, too.

* The REALTOR confidence in the real estate market has gone up compared to the same time last year, based on January 2012 data. January's REALTOR Price Index was down slightly from 2011. The majority of REALTORS noted that they see the number of homes for sale staying the same or going up in 2012.

More homes sell, but prices don't increase.

* The National Association of Homebuilders noted that sales of new construction were flat over the past year. However, the amount of new construction increased slightly.

* The Case Shiller Index noted that 2011 ended on a "disappointing note."

Is there cause for optimism in housing? In order to become an optimist, one must develop a forward looking view. The past gives little hope. The future may.

Consider that, in many local, stable markets, inventories are down. An uptick in demand will have a favorable effect on prices and will entice many sellers with good quality product waiting in the wings to move. This will further stimulate demand.

In those markets that are more distressed, at least the foreclosure/REO inventory appears to be finally moving. As the distressed product clears the pipeline, the foundation will be laid for a more "normal" supply and demand relationship.

We need that desperately. If it comes soon, it will be a lovely spring. But we might be waiting for the full bloom of spring for a longer time. This may be just a hint of what comes later. Let's just hope that we don't get walloped with more bad weather.

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