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## **Value changes in the greater seacoast area of New Hampshire**

August 07, 2014 - Appraisal & Consulting

The Seacoast area of New Hampshire can be roughly identified as the area located to the east of I-95 all the way to the Atlantic Ocean coast. The greater Seacoast area of N.H. includes a larger area that extends further west to Rte. 125. This north-south highway bisects both Rockingham and Strafford Counties. I have been appraising residential and commercial property in this area of N.H. for the past 30 years. Appraisers must continually monitor market trends. In each appraisal that they write, they are required to opine on whether the market is stable, depreciating or appreciating.

The most desirable method of identifying value changes for a specific property type in a certain location is the paired data analysis. This analysis utilizes sales and resales of the same or very similar properties. A comparison of the sale prices along with the time period between the two sale dates can provide the appraiser with an indication of the appreciation or depreciation over an identified time period. I recently appraised a property in the Seacoast area of N.H. that contained a residential condominium that previously sold in July of 2009 for \$128,000. This same unit was selling in July of this year for \$110,000. An analysis of these sale prices, for this unit that had not been dramatically upgraded or modified, results in a 14.06% negative value change over a 5 year period. Dividing the 5 years into the 14.06% value change results in an annual average value change of -2.81%. While this conclusion is factual, the appraiser should handle this data with caution. It is noted that over this five year period, values depreciated for a couple of years then they appreciated for the past couple of years. Because the value changes were not trending in just one direction over the 5-year time period, the annual average value change calculated would be misleading. In the end, I would suggest that appraisers only use paired data analysis when the value change has taken place over a time period that was experiencing a one-direction value change.

Unfortunately, there is limited availability of sales and resales that are suitable for providing the appraiser with a reliable and market derived estimate of value trend in the marketplace. There are several organizations that compile grouped data that can be analyzed in order to identify value change in the market. The New Hampshire Association of Realtors and the Northern New England Real Estate Network compile the most detailed sales data on residential property in N.H. The median price for all residential properties can be examined for a given time period. In Strafford County and Rockingham County, N.H., the median prices indicate that there was appreciation in the market from 1999 to 2005, when values peaked (Rockingham County - \$337,500; Strafford County - \$250,000). Since 2005, the average median prices for both counties depreciated through 2011, for Rockingham County, and through 2012, for Strafford County. Rockingham County has experienced the following annual market appreciation for the past 2 ½ years: 2012: +4%; 2013: +5.8%; and the first six months of 2014: +7.2% (annualized). Strafford County has experienced the following annual market appreciation for the past 1 ½ years: 2013: +10.7%; and the first six months of 2014: +5.2% (annualized). The current median residential sale prices for both Rockingham County (\$284,900)

and Strafford County (\$205,000) are roughly equivalent with the median sale prices that were being experienced in 2003, a couple of years before the 2005 peak. Appraisers should utilize these historical residential median price changes with caution when adjusting comparable sales for differences in time.

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