



# nerelj

## Housing: Are there any signs of life out there? Part 2

April 08, 2009 - Appraisal & Consulting

Part one appeared in the March 13th edition of the NEREJ in the Appraisal & Consulting section.

My decidedly unscientific survey of area real estate brokers reveals that well priced homes will sell quickly: activity is confined to narrow price bands. Several contacts thought price levels needed to drop more in order to resume a semblance of "normal" activity.

Vast differences exist in markets from community to community. Examining sales statistics show sharp price drops in some towns and virtually none in others. I was pleased to see several recent sales in a Metrowest community with sales prices in excess of listing prices.

Some stimulus package provisions relating to housing have created optimism. The \$8,000 tax credit for new homebuyers is a positive and removal of the payback requirement is laudable. Some other housing-related aspects of the package give less cause for joy. However, I don't think the package's ramifications are fully digested. Those snapping off judgments have not given the package's various aspects a chance to interact.

Realtors (NAR) note housing affordability is at an all time low. That is good news, all things considered. On the other, pending home sales are down. Demand is still off.

Recent local statistics (Warren Group, Mass. Association of Realtors) show continuing declines in volume and prices. MLSPIN statewide shows markets still struggling to find bottom.

Inventories in certain communities researched are relatively lean, consistent with a flight to quality. It appears that statewide, particular areas contribute mightily to the overall sobering market picture. Certain western portions of the state are experiencing reasonable "stable" conditions, all things being equal, and haven't had to contend with distressed properties destabilizing markets. On the other hand, there are many communities whose markets are dominated by distressed and foreclosed/REO properties.

Analysts need to keep in mind that the macro view, applied to individual circumstances, may not result in accurate pictures of particular market. This is good news for appraisers, who are best suited to provide that ground level view.

Mass. is better off than some places. That's not to say we're well off. We're less overbuilt which is a godsend. Give a round of applause for our difficult permitting environment. Otherwise things would look like 1992 again.

Are there signs of life out there? There are the faintest of glimmers, if you can look past today's and tomorrow's and the day after tomorrow's bad news. Pieces are falling into place for future recovery. Take the long view but report things realistically today. Nothing lasts forever: boom markets end (do they ever) and bust markets will too.

William Pastuszek, MAI, SRA, is principal of Shepherd Associates, Newton Mass.

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