TODD'S REAL NEWS

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Market Trends Summary of 2011

Frequently I am asked how the market is; This newsletter is a way for me to let you know statistically what's happening in the Everett residential real estate market and (of course) my opinion.

The number of active homes for sale are down 31% along with prices which are also down another 8% from last year. The median price in Everett is at $224,900. The number of transactions compared to the number of properties for sale is now at 30% compared to a year ago at 17%. If it seems there are less for sale signs when you are out and about it is because there are. Some other writers say that there is a shadow inventory of bank foreclosures and more short sales to come on the market this year, which could continue to push prices down. Because the economic climate and consumer confidence is positive here, I believe while prices may go down, we are near the bottom. Its interesting to note the breakdown of where the sales and inventory is coming from. Bank owned and short sales make up 46% of the sales in Snohomish County whereas they are 70% of the inventory. Next month my newsletter will talk about the difference between bank owned, foreclosures and short sales. If you are interested in these types of properties, I helped between 10-15 people buy or sell properties this past year that were either bank owned or a short sale so have plenty of experience to offer. A quote sent to me from a friend last week "*Good judgment comes from experience, and a lot of that comes from bad judgment*". In February of 2010 the unemployment rate was at a high of 11.1% and has gone down to 8.1% in December of 2011. This is the lowest its been in 3 years and growth is continuing slowly.

Lower inventories of homes for sale and lower unemployment may signal better times ahead, but the current interest rates for loans have the biggest impact on home affordability. As a rule of thumb every 1% change in rate is approx. $20K of purchasing power of a home loan. Compare that to the expected +/- of 3% increase or decrease in prices this next year would be a difference of $6,750 for that median priced home at 225K. Data suggests that prices now are actually lower than they would have been at this point, based on the long term trend line, had we not had the market of the past few years (the bubble). Lenders are beginning to ease the guidelines as their reports and confidence improves. Appraisals, based on past sales, continue to use the distressed and bank owned sales as comparables as mentioned above, so any growth will probably be slow.

If it is true that we are turning a corner then this would be where the best opportunities are. That said the best reasons to buy a home are for a place to live and secondarily as an investment. It continues to be a great time to move up with the higher priced homes discounted the most.

If you or someone you know would like help with real estate information, sales, prices in a neighborhood or to discuss the market, buying or selling a home or investing, do not hesitate to contact me at 425-327-1243.

Thank you,

Todd

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