

Merrimack Valley

housingreport

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University of
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REGISTRY OF DEEDS

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Housing Prices: Market Rates, Short Sales, and REO Properties

By: Mike Poore

The February edition of the housing report highlighted rental markets in the valley cities. This month's article will examine price per square foot, and average prices between market rate sales, short sales, and bank owned sales (REO). The study includes Billerica, Chelmsford, Dracut, Haverhill, Lawrence, Lowell, Methuen, Tewksbury, and Tyngsboro. Comparing short sale and bank owned sales prices versus the market sales will give some insight into why housing prices have declined slightly over the past 1-2 years. Relatively speaking market sale prices are more stable, although short sale and bank owned properties are being sold cheaply to allow for liquidation. The following sales data are from the past 12 months of transactions for both condos and single family homes, many thanks to Avi Glaser for pulling the data from the MLS database.

Tewksbury had the highest average price per square foot for market sales which was \$171.04. Lawrence had the lowest price per square foot for market sales

at \$76.71, with a 14% decrease in price for short sales (\$66.25), and a 34% decrease in price for REO properties (\$58.94). Lowell market rates price per square foot was \$104.21, with a 17% decrease for short sales (\$86.39), and a 35% decrease for REO properties (\$67.99). Short sale prices ranged from +2% to -22% of market rates, and REO prices ranged from -13% to -35% of market rates. (See page 6 for the breakdown by each town)

Now we will examine sale prices by bedroom for each of the three categories. Lowell's market sales for one bedrooms averaged \$137,850, two bedrooms averaged \$132,447, three bedrooms averaged \$183,660 and four bedrooms averaged \$194,968. Short sale prices were significantly lower in Lowell, one bedrooms averaged \$95,000 (-31% from market), two bedrooms averaged \$99,700 (-25% from market), three bedrooms averaged \$152,512 (-17% from market), and four bedrooms averaged \$152,066 (-22% from market).

Con't on Pg 4

Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

March 2011 and March 2012 compared

| | Haverhill | | Lawrence | | Lowell | | Methuen | |
|-------------------|-----------|--------|----------|--------|--------|--------|---------|--------|
| | Mar-11 | Mar-12 | Mar-11 | Mar-12 | Mar-11 | Mar-12 | Mar-11 | Mar-12 |
| Deeds | 82 | 97 | 79 | 63 | 107 | 137 | 68 | 74 |
| Mortgages | 116 | 167 | 78 | 102 | 191 | 240 | 110 | 114 |
| Foreclosure Deeds | 4 | 10 | 8 | 10 | 19 | 27 | 6 | 9 |
| Orders of Notice | 20 | 27 | 30 | 22 | 22 | 33 | 12 | 18 |

Putting First Quarter Recording Statistics In Context

By: *Richard P. Howe Jr.*

Each month we post the number of major documents recorded during that month and compare them to those from the same month from the previous year. With the end of the March, we are now able to compare recordings for the first quarter of the year. For January thru March 2012, there were 1198 deeds recorded in the Middlesex North District, an 11% increase from the 1076 recorded during the first three months of 2011. During the same period in 2012, there were 3378 mortgages recorded, a 19% increase from the 2832 recorded in 2011. During the first quarter of 2012, there were 109 foreclosure deeds recorded, a 38% increase from the 79 recorded in 2011. Finally, during the first quarter of 2012, there were 201 orders of notice recorded, a 41% increase from the 143 from the first quarter of 2011.

While this 2011-2012 comparison is useful to assess short term trends, a bigger sample of first quarter statistics provides greater context for the current numbers. The table below shows the number of deeds, mortgages, foreclosure deeds (FD), orders of notice (OrdNo) and the total number of documents recorded in the first quarter of each year since 2000.

The busiest first quarter by far came in 2003 with 1958 deeds, 9900 mortgages, and 37,832 total documents recorded. Contrast that with the first quarter of 2010 which had 1090 deeds, 2490 mortgages and 13,422 total documents.

The first quarter of 2010 also saw the peak in foreclosure activity with 421 orders of notice and

161 foreclosure deeds. The levels of foreclosure activity before the real estate collapse seem almost laughingly low. In 2001, for instance, there were only 6 foreclosure deeds recorded in the entire first quarter with just 63 orders of notice.

The foreclosure statistics through the years illustrate an interesting consequence of the direction of values on the incidence of foreclosures. In 2008, for instance, there were two orders of notice for every one foreclosure deed. In 2009, that ratio dropped to 1.3 orders of notice for every foreclosure deed. Back in 2001, however, there were ten orders of notice for every one foreclosure deed. The reason for this enormous difference is that in a time of rising home values, as was the case in 2001, a borrower who found it difficult to keep up with the required monthly payments could always sell the home for more than the outstanding balance of the mortgage. In times of declining values, however, the borrower often owes more on the mortgage than the home is worth which almost always prevents the sale of the home, leaving foreclosure as the only option.

Although the recording statistics for the first quarter of 2012 are by no means indicative of a robust recovery, they do suggest a slight improvement in the number of deeds and mortgages recorded, numbers that had been stagnant for the three previous years. And the number of foreclosure documents in 2012, while higher than in 2011, are still less than in any of the three prior years.  Chart on Pg 3

Looking to Showcase Your Vacancy or Looking to Move?

Community Teamwork Inc. (CTI) developed a new website designed to help landlords showcase their vacancies, and tenants to easily find them.

This free service is offered throughout the Merrimack Valley and the North Shore.

For more information go to:

www.nearlistings.org or contact Avi Glaser at aglaser@comteam.org

Chart accompanies article from Pg 2

Middlesex North Registry of Deeds 1st Quarter Recording Statistics by Year

| | Deeds | Mortgages | FD | OrdNo | Total |
|------|-------|-----------|-----|-------|-------|
| 2000 | 1814 | 2866 | 26 | 68 | 16269 |
| 2001 | 1723 | 4485 | 6 | 63 | 19203 |
| 2002 | 1933 | 6527 | 13 | 71 | 27225 |
| 2003 | 1958 | 9900 | 11 | 77 | 37832 |
| 2004 | 1839 | 6353 | 16 | 90 | 22851 |
| 2005 | 1772 | 5210 | 10 | 87 | 19195 |
| 2006 | 1672 | 4595 | 30 | 101 | 17958 |
| 2007 | 1469 | 4080 | 71 | 282 | 16424 |
| 2008 | 1146 | 3148 | 132 | 242 | 14711 |
| 2009 | 1076 | 3506 | 120 | 94 | 14624 |
| 2010 | 1090 | 2490 | 161 | 421 | 13422 |
| 2011 | 1076 | 2832 | 79 | 143 | 14455 |
| 2012 | 1198 | 3378 | 109 | 201 | 15718 |

Housing Prices: Market Sales, Short Sales, and REO Properties Con't from Pg 1

REO properties were also at a discount to market sales. One bedrooms averaged \$108,080 (-22% from market), two bedrooms averaged \$96,868 (-27% from market), three bedrooms averaged \$125,758 (-32% from market), and four bedrooms averaged \$123,652 (-37% from market). In the short sale category between all cities and all bedroom sizes, Methuen saw the biggest decrease from market prices for two bedrooms which on average were 35% less than market sales. For REO properties Methuen also saw the largest decrease for two bedrooms which averaged 40% less than market sales. Tyngsboro also saw a 40% decrease in prices for three bedrooms comparing market and REO.

Let's talk averages. The average price for all nine municipalities for one bedroom was \$105,229, two bedrooms averaged 164,634, three bedrooms averaged 239,784, and four bedrooms averages 291,527. Although it's imperative to point out that the four valley cities are significantly lower than these averages, towns such as Billerica, Chelmsford, Tewksbury, and Tyngsboro bring these averages up quite significantly. You can find the breakdown in its entirety in charts 1, 2 and 3 on page 5. Average one bedroom short sale properties were

\$85,331 (-19% from market), average two bedroom short sales were \$114,465 (-30% from market), average three bedroom short sales were \$201,255 (-16% from market), and average four bedroom short sales were \$232,594 (-20% from market). One bedroom REO properties averaged \$68,355 (-35% from market), two bedroom REO properties averaged \$128,044 (-22% from market), three bedroom REO properties averaged \$160,939 (-33% from market), and four bedroom REO properties averaged \$211,264 (-28% from market)

Comparing the three categories give us significant changes in prices, although some are questionable. For instance, Tewksbury saw a 3% increase in short sale prices for three bedrooms over market prices. There may be several reasons for this, one is that the short sale properties were of high quality and well maintained, where the market sales may have been not as well kept. There is no way to tell the quality of the properties listed in the given time period, so statistically there may be variations in any time period compared to others. It is important to distinguish between the categories for pricing due to the large variations which are seen. █

**Community Teamwork, Inc. would like to inform you
of a special presentation by Attorney Bryan McCormack titled
“Asset and Liability Protection, Tax Reduction and Wealth Preservation.”
Bryan is the co-host of the popular radio show “Money Matters”
Seating is limited and will be held on April 18, 2012 at 6:30pm.
For more information contact Avi Glaser at aglaser@comteam.org**

Charts accompanies Housing Prices article

| Market Sales | 1BR | 2BR | 3BR | 4BR |
|---------------------|----------------|----------------|----------------|----------------|
| Billerica | 103,750 | 222,788 | 290,433 | 339,626 |
| Chelmsford | | 182,129 | 295,407 | 393,348 |
| Dracut | 143,925 | 134,242 | 214,725 | 315,927 |
| Haverhill | 108,370 | 160,832 | 214,880 | 258,046 |
| Lawrence | 32,250 | 78,097 | 134,217 | 143,974 |
| Lowell | 137,850 | 132,447 | 183,660 | 194,968 |
| Methuen | | 215,777 | 251,376 | 282,753 |
| Tewksbury | | 209,809 | 267,459 | 381,798 |
| Tyngsboro | | 145,587 | 305,985 | 313,300 |
| <i>Average</i> | <i>105,229</i> | <i>164,634</i> | <i>239,784</i> | <i>291,527</i> |

| Short Sales (% Chng vs. Mkt) | 1BR | 2BR | 3BR | 4BR |
|---|----------------------|-----------------------|-----------------------|-----------------------|
| Billerica | 84,000 (-19%) | 175,500 (-21%) | 219,083 (-24%) | 272,000 (-20%) |
| Chelmsford | | 116,637 (-36%) | 238,285 (-19%) | 267,000 (-32%) |
| Dracut | | 128,072 (-4.5%) | 201,763 (-6%) | 287,250 (-9%) |
| Haverhill | 76,993 (-29%) | 132,600 (-23%) | 175,146 (-18%) | 202,590 (-21%) |
| Lawrence | | 75,789 (-2.9%) | 116,527 (-13%) | 151,925 (+5%) |
| Lowell | 95,000 (-31%) | 99,700 (-25%) | 152,512 (-17%) | 152,066 (-22%) |
| Methuen | | 139,730 (-35%) | 190,921 (-24%) | 244,811 (-13%) |
| Tewksbury | | 157,625 (-25%) | 275,250 (+3%) | 295,333 (-6%) |
| Tyngsboro | | 138,500 (-4.8) | 231,475 (-24%) | |
| <i>Average</i> | <i>85,331 (-19%)</i> | <i>114,465 (-30%)</i> | <i>201,255 (-16%)</i> | <i>232,594 (-20%)</i> |

| Bank Owned/ REO (% Chng vs. Mkt) | 1BR | 2BR | 3BR | 4BR |
|---|----------------------|-----------------------|-----------------------|-----------------------|
| Billerica | 95,800 (-8%) | 194,549 (-13%) | 212,105 (-27%) | 226,881(-33%) |
| Chelmsford | | 149,100 (-18%) | 180,744 (-39%) | 351,663 (-11%) |
| Dracut | 61,000 (-58%) | 98,935 (-26%) | 137,284 (-36%) | 205,718 (-35%) |
| Haverhill | 36,250 (-77%) | 110,046 (-32%) | 132,230 (-38%) | 191,089 (-26%) |
| Lawrence | 32,000 (-1%) | 58,238 (-25%) | 95,189 (-29%) | 117,490 (-18%) |
| Lowell | 108,080 (-22%) | 96,868 (-27%) | 125,758 (-32%) | 123,652 (-37%) |
| Methuen | 77,000 | 127,340 (-40%) | 173,894 (-31%) | 202,050 (-29%) |
| Tewksbury | | 202,214 (-4%) | 206,245 (-23%) | 281,337 (-26%) |
| Tyngsboro | | 115,111 (-21%) | 185,000 (-40%) | 201,500 (-36%) |
| <i>Average</i> | <i>68,355 (-35%)</i> | <i>128,044 (-22%)</i> | <i>160,939 (-33%)</i> | <i>211,264 (-28%)</i> |

Chart accompanies Housing Prices article from Pg. 1

| Overall Price Per Sq. Ft. | Market Rate | Short Sale (% chng vs. Mkt) | Bank Owned (% chng vs. Mkt) |
|----------------------------------|--------------------|--|--|
| Billerica | 160.64 | 135.07 (-16%) | 121.79 (-24%) |
| Chelmsford | 168.48 | 131.03 (-22%) | 129.73 (-23%) |
| Dracut | 134.97 | 125.43 (-7%) | 102.84 (-24%) |
| Haverhill | 115.38 | 98.81 (-14%) | 80.49 (-30%) |
| Lawrence | 76.71 | 66.25 (-14%) | 58.94 (-23%) |
| Lowell | 104.21 | 86.39 (-17%) | 67.99 (-35%) |
| Methuen | 135.98 | 105.67 (-22%) | 98.96 (-27%) |
| Tewksbury | 171.32 | 175.06 (+2%) | 136.85 (-20%) |
| Tyngsboro | 141.07 | 115.48 (-18%) | 123.26 (-13%) |
| <i>Average</i> | <i>134.31</i> | <i>116.69 (-13%)</i> | <i>102.73 (-24%)</i> |

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