

Merrimack Valley

housingreport

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2013 First Quarter and 2014 First Quarter Trends Compared

By: Victoria Cote

As March comes to a close, it is worth analyzing how the cities in the Merrimack Valley area have fared in the first 3 months of 2014, as compared to the first 3 months of 2013. Overall, there are some positive changes, but nearly all of the data appears to follow a downward trend. This somewhat conflicting information must be further analyzed to find the true meaning.

The number of deeds filed decreased in all cities except Methuen during the first quarter of 2014 when compared to the same period in 2013. This is generally seen as a bad sign because less people are purchasing homes. A contributing factor is likely the low supply of homes available for purchase in the market. Other factors could be the very harsh winter or overall concern about the economy. Nevertheless, real estate professionals are hopeful that the market will improve with the coming of spring.

Across all four cities, there has been a sharp

decline in the number of mortgages. A slight decline was expected because fewer deeds were recorded in 2014 than in 2013, but this does not account for the decrease of at least 30% for every city. This decrease is most likely caused as homeowners stopped refinancing due to increasing interest rates and their inability to easily obtain new credit. These factors may lower demand for new homes, therefore prices will remain stable.

We have seen a significant reduction in orders of notice in all four cities. This means that fewer people are going through the foreclosure process and losing their homes. This indicates that banks are more likely to approve mortgage modifications or shorts sales or homeowners are more able to make regular mortgage payments.

The changes in the number of foreclosures between the first quarter of 2013 and 2014 do not follow any consistent pattern between the four cities. Haverhill and Lawrence experience moderate increases

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Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

March 2013 and March 2014 compared

	Haverhill		Lawrence		Lowell		Methuen	
	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13	Mar-14
Deeds	81	85	81	75	155	150	66	86
Mortgages	152	110	115	99	268	143	189	114
Foreclosure Deeds	4	4	4	5	3	6	3	0
Orders of Notice	12	9	16	5	11	5	14	5

2013 First Quarter and 2014 First Quarter Trends Compared Continued

moderate increases in foreclosures, while Lowell experienced a moderate decrease and Methuen witnessed a sharp decline. Fewer foreclosures generally mean that the market is improving.

There are mixed signals presented in the data above. Some signs would indicate a slightly improving market, but we lack adequate data to confirm this, while other trends indicate a struggling market. Overall, the market seems somewhat sluggish, but it appears likely to strengthen at a very slow pace.

Haverhill

Time Period	First Quarter 2013	First Quarter 2014	Percent Change
Deeds	254	232	-9%
Mortgages	497	299	-40%
Foreclosures	14	16	14%
Order of Notices	47	17	-64%

Lawrence

Time Period	First Quarter 2013	First Quarter 2014	Percent Change
Deeds	205	186	-4%
Mortgages	304	213	-30%
Foreclosures	12	14	17%
Order of Notices	54	8	-85%

Lowell

Time Period	First Quarter 2013	First Quarter 2014	Percent Change
Deeds	401	357	-11%
Mortgages	759	412	-46%
Foreclosures	22	18	-18%
Order of Notices	61	17	-72%

Methuen

Time Period	First Quarter 2013	First Quarter 2014	Percent Change
Deeds	193	197	2%
Mortgages	560	267	-52%
Foreclosures	20	8	-60%
Order of Notices	22	16	-27%

Lowell Real Estate in the 1st Quarter of 2014

By : Richard P. Howe Jr.

There have been many casualties of this past winter's weather. The real estate market may have been one of them. The number of documents recorded in the first three months of 2014 for the entire registry district (11,187) dropped 36% from the same period in 2013 (17,379). Before panic sets in, the numbers should be considered in a larger context. Consider the number of deeds recorded in Lowell for the first quarter of each of this and the past five years:

1st Quarter, 2009 – 352 deeds
1st Quarter, 2010 – 357 deeds
1st Quarter, 2011 – 302 deeds
1st Quarter, 2012 – 341 deeds
1st Quarter, 2013 – 401 deeds
1st Quarter, 2014 – 357 deeds

Scrutinized in this way, the first quarter of this year was tied with 2010 for second place. While the failure to continue the gains of 2013 is disappointing, the decline may just be a return to the “new normal” in local real estate.

While there were 357 deeds recorded in the first quarter of this year, only 167 of them were for consideration in excess of \$60,000. The rest were mostly conveyances between related parties such as spouses who divorce, a transfer into or out of a trust or gifts from parents to children. While these non-consideration deeds are not arms' length sales, they do provide evidence of an increase or decrease in the velocity of the overall real estate market.

Regarding the 167 deeds for full consideration, some interesting trends are evident. The seller in 20 of these transactions (12% of the total) had obtained title through foreclosure. These are almost exclusively institutional owners not in the business of owning real estate. The good news is that these sales are occurring relatively soon after the foreclosure (most of the foreclosure deeds in this set were recorded during 2013) which means that institutional owners are not sitting on these properties for years at a time, allowing them to deteriorate and drag down the value of other properties in the immediate vicinity as was the case during the peak of the foreclosure crisis.

Another significant group of sellers, 31 or 19% of the whole, had acquired title to the property being sold prior to 1980. Presumably these sellers had paid off or nearly paid off their mortgages and were liquidating the equity of long-time family homes, presumably in a move towards downsizing.

One unfortunate piece of news is that current sales prices for properties purchased between 2004 and 2008 when the real estate bubble was at its largest, still have not recovered their value. Of 36 properties that were sold in the first quarter of 2014 that were acquired by their sellers between 2004 and 2008, 26 sold for a loss and only 10 sold for a gain (and two of those were a gain of less than \$1000).

In conclusion, the local real estate market remains sluggish. Undoubtedly the return of more temperate weather and the end of the school year should breath some additional life into the market, but there is still a considerable distance to go until values recover to the prices reached a decade ago.

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