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Trends in Real Estate

By Richard P. Howe Jr.

Usually I wait until the end of the calendar year to analyze real estate recording statistics, but with the global economy in such precarious shape and local indicators pointing towards a moribund real estate market, I thought it might be useful to catch a preview of what the end of the year stats might show.

Each month, we compare the number of deeds, mortgages, foreclosure deeds and orders of notice recorded in that month with the same data from the same month of the prior year. Thus, the 437 deeds recorded in November 2011 represented a 2% decrease from the 445 recorded in November 2010. Mortgages were down 13%, dropping from 1571 in November 2010 to 1371 this November. Foreclosure-related documents were up substantially, with foreclosure deeds rising 111%, from 19 in 2010 to 40 in 2011 and orders of notice up 117%, from 36 in 2010 to 78 in 2011.

Conducting the same type of comparison for the year through November yields a more optimistic picture, at least regarding foreclosures. From January through November of 2011, the number of foreclosure deeds recorded (390) was down 32% from the number (572) recorded for the same period in 2010. Similarly, orders of notice dropped 38%, from 1099 in 2010 to 677 in 2011. Unfortunately, deeds and mortgages also dropped, albeit only slightly. From January through November 2011, there were 4664 deeds and 10,475 mortgages recorded, representing declines of 5% and 13% from the 4893 deeds and 12,052 mortgages recorded for the same months in 2010.

Because real estate trends do not always fall within the same calendar year, it is also helpful to compare the same data for sequential months over time. While the number of deeds recorded on a month-to-month basis in 2011 was relatively stable, there was a definite surge in the number of mortgages recorded monthly during the second half of 2011. Con't on Pg 3

Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

November 2010 and November 2011 compared

	Haverhill		Lawrence		Lowell		Methuen	
	Nov-10	Nov-11	Nov-10	Nov-11	Nov-10	Nov-11	Nov-10	Nov-11
Deeds	90	92	79	65	110	138	64	94
Mortgages	195	171	108	94	226	235	216	185
Foreclosure Deeds	7	12	4	12	9	18	2	9
Orders of Notice	9	7	10	16	17	33	10	19

Home Values Continue to Slide *By Michael Poore*

Since 2008 average assessed home values have fallen across the state. An assessed home value is the valuation placed on a property by a public tax assessor for the purpose of taxation. Each town's property tax rate varies, so a home in two different towns which are assessed to be the same value may pay different taxes based on their differing tax rates. By gathering data from 24 Merrimack Valley cities and towns, we are able to observe such trends over the past four years.

Lowell had an average assessed value of $272,315 in 2008, yet by 2011 average assessed value had dropped to $224,616, a 17.5% decrease. This causes negative consequences for both the home owner and the city. City revenues may decrease due to lower assessed values resulting in lower tax revenues, although they may increase their taxes to offset this lost. Lowell's year over year (2010 vs. 2011) decline is a modest 2.9%. Chelmsford, for instance, has seen property values fall 6.6% year after year, from $347,659 to $324,573.

Out of the 24 cities (see chart on pg. 4) and town in which data was collected, only one town had an increase in assessed value over the past year. That town is Newburyport, which saw an increase of 1.1%, said values rose from $451,105 to $456,553. The town which saw the biggest decrease was Georgetown, with values falling 8.1% year over year. Another notable town was Boxford with a 7.1% decrease in assessed value.

The four valley cities, Lowell, Lawrence, Methuen and Haverhill also saw declines. Methuen and Lawrence saw the biggest drops at 5.5% and 5.6% respectively. Haverhill declined from $272,260 to $261,853, a decrease of 3.8%. On a more positive note, out of the four valley cities, Lowell fared the best, only losing 2.9% of total value, bringing average value to $224,616.

Assessed values have dropped dramatically for the four valley cities since 2008. Lawrence has seen average values drop 24%, while Haverhill has seen a decrease of 16%. Both Lowell and Methuen have also seen decreases. Lowell's values have fallen 17.5%, from $272,315 to $224,616. Methuen also seeing steep decreases falling 15.4% from $314,049 to $265,596. The chart below has average assessed values over the past four years for each city and town as well as percentage changes from 2010 to 2011, and 2008-2011. It is interesting to note that the four largest valley cities have the lowest assessed values, although the state average falls almost in the middle of these 24 cities and towns. (See graph on pg. 3)

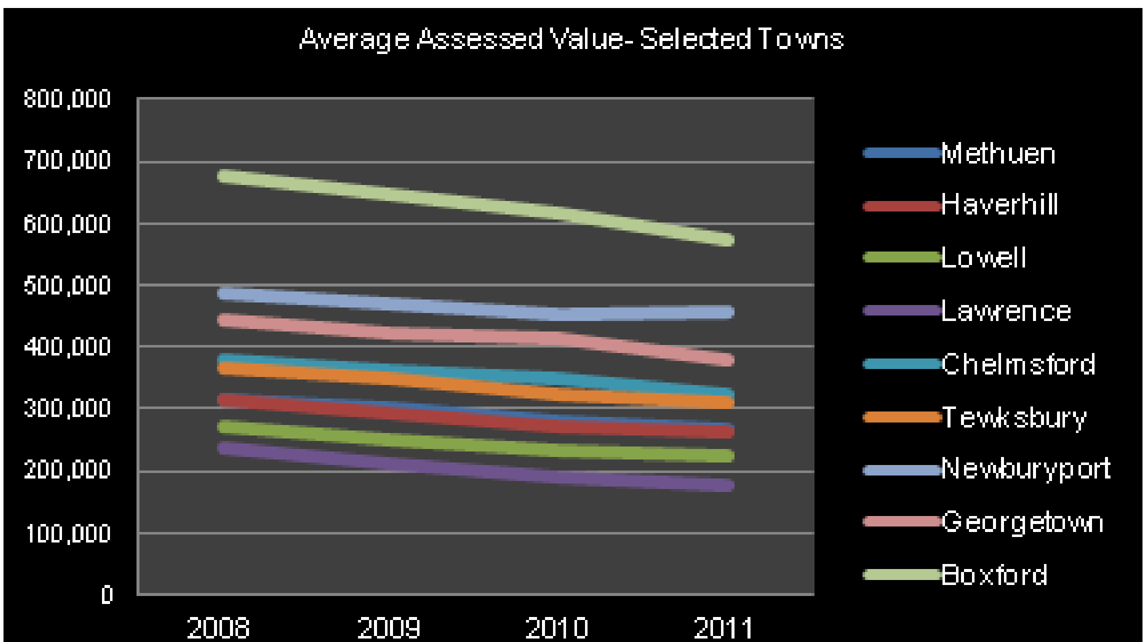
Property values will, at some point stabilize. This will benefit homeowners, the economy and local municipalities. Lower property values may decrease tax revenues, unless tax increases are put in place. In some cases, home owners have seen a 20% in asset values which is directly tied to their accumulation of wealth. This may impede them from refinancing, selling, or getting access to credit. Each which have an impact on the broader economy. Historically housing has been the backbone to the American economy, improving the housing sector is vital for the US to sustain its growth into the future.

Trends in Real Estate Con't from Pg 1

From a low of 743 recorded in May, the number of mortgages recorded monthly grew steadily until reaching a high of 1371 in November. This is certainly an encouraging trend. With the volume of deeds recorded staying stable, this substantial uptick in the number of mortgages recorded indicates that more people are refinancing their existing mortgages. It also suggests that home prices may be stabilizing a bit since one of the biggest obstacles to refinancing has been that so many homeowners owe more on their existing mortgages than their houses are currently worth. This trend also bodes well for our economy since homeowners refinancing to lower interest rates tend to reduce their monthly mortgage payments by hundreds of dollars, money that will undoubtedly be spent on other things and thereby provide some stimulus to the economy.

While the eleven month comparison of foreclosure related documents in 2011 and 2010 shows a decrease in activity that is primarily because the numbers in 2010 were very high. While 2011 started out with low levels of foreclosure activity, that trend did not continue throughout the year. Unfortunately, the rise in foreclosure activity late in 2011 tends to dilute the good news of more refinancing. While the 40 foreclosure deeds recorded in November only slightly exceed the 2011 monthly average of 35, the number of orders of notice – the document that signals a new foreclosure – recorded in November (78) was up substantially over the monthly average of 62. Orders of notice had been falling steadily since April; however, there was a clear increase during the fall with 65 in October and 78 in November.

So ends this preview of 2011 real estate trends, some of which were good (mortgages) and some of which were not so good (orders of notice). Please check back next month for a complete end-of-year report and analysis from the Middlesex North Registry of Deeds.



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Average Assesed Values 2008- 2011

	2008	2009	2010	2011	% chng 10'-11'	% chng 08'-11'
Boxford	$677,925	$647,245	$618,372	$573,875	-7.1%	-15.3%
Andover	$581,568	$580,078	$548,860	$529,775	-3.4%	-8.9%
West Newbury	$535,129	$514,340	$491,224	$475,787	-3.1%	-11.1%
North Andover	$514,626	$501,396	$469,012	$455,687	-2.8%	-11.5%
Newbury	$482,636	$458,823	$461,116	$434,744	-5.7%	-10%
Newburyport	$486,986	$468,605	$451,108	$456,533	1.1%	-6.3%
Westford	$467,844	$459,180	$450,723	$441,145	-2.1%	-5.7%
Dunstable	$459,111	$433,298	$416,275	$408,249	-1.9%	-11.7%
Georgetown	$442,829	$422,140	$412,477	$378,843	-8.1%	-14.4%
Rowley	$426,326	$408,572	$387,562	$374,646	-3.3%	-12.1%
Groveland	$398,533	$367,264	$362,032	$355,526	-1.8%	-10.7%
Merrimac	$391,949	$363,432	$351,972	$334,956	-4.8%	-14.5%
Chelmsford	$378,123	$360,280	$347,659	$324,573	-6.6%	-14.1%
Salisbury	$355,174	$339,888	$328,169	$313,541	-4.4%	-11.7%
Billerica	$351,433	$342,720	$325,397	$315,186	-3.1%	-10.3%
Tyngsboro	$369,939	$352,139	$324,403	$318,054	-1.9%	-14%
Tewksbury	$368,408	$347,635	$321,473	$309,097	-3.8%	-16.1%
Amesbury	$344,464	$332,153	$319,201	$310,557	-2.7%	-9.8%
Pepperell	$346,512	$327,903	$301,105	$296,834	-1.4%	-14.3%
Dracut	$303,879	$299,527	$284,026	$271,782	-4.3%	-10.5%
Methuen	$314,049	$300,473	$281,335	$265,596	-5.5%	-15.4%
Haverhill	$313,117	$293,847	$272,260	$261,853	-3.8%	-16.3%
Lowell	$272,315	$251,742	$231,515	$224,616	-2.9%	-17.5%
Lawrence	$234,949	$212,015	$188,862	$178,249	-5.6%	-24.10%

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For details contact Avi Glaser e-mail aglaser@comteam.org.

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