

Merrimack Valley

housingreport

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Merrimack Valley and National Trends

By Sarah Pike

In a Boston Globe article, investigators reported that sales in the housing market for the month of September suffered a dip of one and seven-tenths percent (-1.7%) from the same time the previous year. The assertion was made that a major factor in the decrease in sales was a decrease in overall housing stock available for sale. We wanted to explore if the Merrimack Valley had experienced a similar downturn during the same time period and if so, could the available housing for sale be a contributing factor. We examined the same time period for the four largest cities in the Merrimack Valley (Lowell, Lawrence, Haverhill, and Methuen) as well as the three regions with the highest sales rates (Andover, North Andover, and Chelmsford) and the three regions with the lowest sales rates (Dunstable, Boxford, and West Newbury).

Given that representation, we found that the Merrimack Valley also had a decrease in the average number of sales registered of six-tenths of a percent (-0.6%). This decrease is much less significant than the reported

national downturn, however it is still worth exploring if the available housing for sale could have been a factor.

The region did indisputably have a decrease in housing sales similar to the National Average expressed in the Boston Globe article, and housing available for sale could have been a contributing factor.

Out of every city and town represented in the selected region, only one had an increase in residential locations listed for sale. Dunstable had an increase of twenty two and seven-tenths percent (22.7%). The other cities and towns all had decreases ranging from six and eight-tenths percent (-6.8%) in Lawrence to thirty one and four-tenths percent (31.4%) in Methuen.

(continued on page 4)

Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

September 2011 and September 2012 compared

	Haverhill		Lawrence		Lowell		Methuen	
	Nov-11	Nov-12	Nov-11	Nov-12	Nov-11	Nov-12	Nov-11	Nov-12
Deeds	92	122	65	37	138	138	94	35
Mortgages	171	213	94	59	235	264	155	114
Foreclosure Deeds	12	7	12	3	18	7	9	4
Orders of Notice	7	0	16	7	33	26	19	11

Foreclosures: The Long View

By Richard P. Howe Jr.

Middlesex North Foreclosures: 2000 - 2012

Year	Lowell Order of Notices	Lowell Foreclosure Deeds	District Order of Notices	District Foreclosure Deeds
2000	94	40	218	74
2001	110	24	274	44
2002	108	22	285	45
2003	118	19	298	42
2004	140	32	346	69
2005	143	19	340	47
2006	345	91	625	166
2007	496	271	935	434
2008	450	370	807	602
2009	446	245	835	400
2010	325	549	1143	585
2011	209	303	720	429
2012	323	331	741	358
Totals	3307	2316	7567	3295

After a substantial drop in 2011, the number of new foreclosures in the Middlesex North Registry of Deeds District edged upward in 2012. The 2012 numbers shown in the above table are based on actual January to November numbers for orders of notice and foreclosures projected over a twelve month period. While there is little evidence that this uptick is the start of a new wave of foreclosures, it does suggest that the real estate market remain sluggish.

It is valuable, however, to look beyond the year-to-year statistics and consider the long-term consequences of so many foreclosures. In most foreclosures, the property is purchased at auction by the foreclosing lender and immediately put back on the market for sale to third parties. When these previously foreclosed properties do sell, they tend to be sold at a discount which drives down the values of other properties in the vicinity. While waiting for the third party purchase to be consummated, these properties typically remain vacant which further diminishes their value and adversely effects the value of other properties in the neighborhood.

Properties that undergo foreclosure are just a part of the problem. Many more are underwater on their mortgages, owing more than the house is worth. The owners of these properties do not necessarily face foreclosure for they continue to make their monthly payments and to live in the home. In a way, though, they are trapped in their homes, unable to sell or refinance because of their negative equity. With so many in this predicament, underwater mortgages contribute greatly to the sense of stagnation that is evident in the overall real estate market.

The long term damage of the foreclosure crisis is not limited to homeowners. Beyond the impact on individual houses and neighborhoods, the home lending system still faces potentially costly investigations by regulators and prosecutors. Civil litigation arising out of the collapse of the mortgage securities market will go on for years. Today we rarely hear mentioned terms such as tranches or credit default swaps, but they are emblematic of investment practices that transformed the collapse of the housing bubble into the collapse of the world's economy.

(forlosures: The Long View Continued)

Simply put, all of the failed mortgages referred to above and their counterparts from around the country were bundled up and sold as bonds to investors on the promise of their credit worthiness. When the mortgages went bad, the revenue stream designated to pay the interest and principal on these bonds evaporated and the investors suffered tremendous losses. Now, countless investors and insurers have sued the lenders who originated the loans for fraud, breach of contract and a variety of other causes, seeking hundreds of billions of dollars in damages. Depending on the outcome of this litigation which will take years to resolve, many of this country's major lenders will remain on shaky financial footing for years to come.

Even after real estate recovers nationally, it is possible that a new generations will view the concept of home ownership in an entirely new and possibly negative light, perhaps shifting a growing portion of the population from home ownership into rental housing. The chances of such a change occurring are enhanced the income tax deduction for home mortgage interest is eliminated as part of the resolution of our current fiscal crisis. While many of the indicators are negative, many in the real estate business maintain that the market is heating up. That may be true – the Middlesex North statistics on new mortgages, especially, corroborate this – but there is still a long way to go to reach full recovery of the American real estate market.

Corrections

Upon some further investigation we realized there were some misprints in the October edition

Printed: Number of Deeds in Lawrence in 2012-42

Number of Deeds in Methuen in 2012-88

Corrections: Number of Deeds in Lawrence in 2012-65

Number of Deeds in Methuen in 2012-66

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

Merrimack Valley and National Trends Con't from Pg 1

Almost every city that had a decrease in sales also had a decrease in active housing for sale. There were regions that did not follow this trend. Chelmsford for instance had an increase in sales of twenty eight and nine-tenths percent (28.9%) despite a twenty eight and one-tenth percent (28.1%) decrease in housing available. Lowell experienced similar patterns with an increase of twenty nine and eight-tenths percent (29.8%) increase in deeds and a thirteen percent (-13%) decrease in housing available.

The small decrease in overall housing sales registered in combination with such significant decreases in available housing for sale is noteworthy, however not large enough to draw any predictive claims. More research of the year 2012 is needed in order to see if this snapshot is an indicator of a larger trend.

September 2011

Location	Deeds Registered	Number of Properties for Sale
Lowell	114	421
Lawrence	78	233
Haverhill	97	385
Methuen	73	267
Andover	53	210
North Andover	63	223
Chelmsford	69	192
Boxford	17	89
Dunstable	7	22
West Newbury	9	57

Percent Change in Deeds Recorded

Location	Deeds Registered
Lowell	29.8%
Lawrence	-16.6%
Haverhill	-4.1%
Methuen	-9.5%
Andover	16.9%
North Andover	4.7%
Chelmsford	28.9%
Boxford	-35.2%
Dunstable	0%
West Newbury	-22.2%

September 2012

Location	Deeds Registered	Number of Properties for Sale
Lowell	148	366
Lawrence	65	217
Haverhill	93	273
Methuen	66	183
Andover	62	175
North Andover	66	184
Chelmsford	89	138
Boxford	11	78
Dunstable	7	27
West Newbury	7	44

Percent Change in Properties for Sale

Location	Properties for Sale
Lowell	-13%
Lawrence	-6.8%
Haverhill	-29%
Methuen	-31.4%
Andover	-16.6%
North Andover	-17.4%
Chelmsford	-28.1%
Boxford	-12.3%
Dunstable	22.7%
West Newbury	-22.8%

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