By Richard P. Howe Jr

Mid-Year Real Estate Report

With 2015 half over, it is time to assess the local real estate market based on activity at the Middlesex North Registry of
Deeds. Comparing the number of certain document types recorded in the first half of 2015 with the number recorded for
the same time in 2014 shows the following: Deeds were down 1%, dropping from 3045 in 2014 to 3018 in 2015; mortgages
were up 38%, rising from 3948 in 2014 to 5434 in 2015; foreclosure deeds were up 26%, rising from 68 to 86; orders of
notice were up 21%, rising from 153 to 185; and total documents were up 13%, rising from 24973 in the first half of 2014
to 28249 in the first half of 2015.

Looking at the same document types for the month of June only, we see that deeds were up 20% (640 in June 2014 to 769
in June 2015); mortgages were up 35% (910 in June 2014 to 1212 in June 2015); foreclosure deeds were up 220% (5 to 16);
orders of notice were up 54% (29 to 31); and total documents were up 32% (5095 in June 2014 to 6708 in June 2015). On a
town-by-town basis, Tewksbury saw the biggest increase in the number of deeds recorded with 117 in June 2015 compared
to 77 in June 2014, an increase of 52%. Close behind was Dracut which went from 58 to 87, an increase of 50%. Westford
actually had a decline in deeds, dropping from 61 in June 2014 to 50 in June 2015, a decrease of 18%. Other communities
were more stable with Billerica rising 8%; Wilmington 11%; Chelmsford and Lowell 20% each; and Tyngsborough 28%.

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Tewksbury and Dracut both led the way in mortgages being recorded, with Tewksbury’s total rising from 101 in June 2014 to 165 in June 2015, a 63% increase. Dracut’s rise was 56%, from 89 to 139. Other communities saw the following increases (district-wide, the increase was 38%): Billerica was up 31%; Chelmsford was up 38%; Lowell was up 38%; Tyngsborough was up 14%; Westford was up 13%; and Wilmington was up 34%.

While deeds and mortgages were positive indicators, foreclosure activity was also up with foreclosure deeds rising from 68 during the first six months of 2014 to 86 for the first half of 2015. Orders of Notice were up, too, rising from 153 to 185 (a 21% increase) for the same periods. In June, foreclosure deeds rose from 5 to 14 which is a startling-looking 180% increase. Because upticks in foreclosures are always of concern, this increase deserves deeper scrutiny.

Four of the mortgages that were foreclosed were obtained at the same time the property was purchased. One was from 2003, two from 2005, and one from 2006, with down payments of 5%, 11%, 25% and 25%). Two other mortgages were on properties that had been received by the borrowers as gifts. One was a $283,000 mortgage from 2004 on a property that was obtained in 1989 for $1; the other was a $287,000 mortgage from 2014 on a property that was obtained in 2009 for $1.

The eight remaining mortgages all involved refinancings in which the borrower had purchased the property earlier with another mortgage, but then obtained a new, post-purchase mortgage which is the one that was foreclosed. The following list shows the dates and amounts of the mortgages, followed by the dates and amounts of the purchase deeds:

* 2003 mortgage of $215,000; 1998 deed of $158,000
* 2004 mortgage of $252,000; 2003 deed of $265,000
* 2005 mortgage of $185,000; 1999 deed of $97,000
* 2005 mortgage of $280,000; 2001 deed of $305,000
* 2005 mortgage of $222,000; 2004 deed of $278,000
* 2007 mortgage of $389,000; 2005 deed of $360,000
* 2007 mortgage of $339,000; 1996 deed of $153,500
* 2009 mortgage of $348,000; 2004 deed of $175,000

While this is a very small sample, it is clear that a majority of the mortgages being foreclosed were obtained back when real estate values were at their peak, suggesting that many homeowners who purchased or obtained mortgages at that time remain underwater on their mortgages. If they were not underwater and had equity in the properties, they would presumably have sold prior to foreclosure.

Despite all this foreclosure analysis, the real estate market showed some positive signs in the first half of 2015; hopefully that will continue.

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