

Merrimack Valley

housingreport

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April Home Sales in Lowell

By Richard P. Howe Jr.

May 6th, 2013

Hardly a day passes without a media report of an accelerating market for home sales. Real estate brokers report homes receiving multiple offers for or above asking price as soon as they hit the market. Our observations here at the Middlesex North Registry of Deeds, however, paint a different picture with the volume of sales crossing the recording counter best described as sluggish. To try to reconcile the two views, I scrutinized home sales in Lowell during the month of April.

During April of 2013, there were 78 sales of real estate in Lowell in which the sales price exceeded \$55,000. For each of these properties, I found the prior sale of the same property and recorded the particulars. Because

of variations in time and circumstances, the data is insufficient to make observations about citywide percentage gains or losses in value. Still, some clear trends were evident.

Of the 78 sales last month, 24 of the properties (31%) had been owned by the seller for more than 20 years. Four more sales were by estates, with the deceased homeowners also being longtime residents of their properties. The relatively high percentage of sales by longtime owners suggests a “cashing in” trend by those with equity in their property. Whether the sellers are downsizing, relocating, or pursuing another option is unclear, but the fact that so many who presumably do not have to sell are selling is a positive sign. With interest rates so low, a limited amount of homes going on the market and a general sense that the overall economy is

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Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

April 2012 and April 2013 compared

	Haverhill		Lawrence		Lowell		Methuen	
	April-12	April-13	April-12	April-13	April-12	April-13	April-12	April-13
Deeds	97	100	75	80	125	144	84	86
Mortgages	171	217	95	116	200	262	160	215
Foreclosure Deeds	13	2	16	2	23	6	6	1
Orders of Notice	8	0	12	10	6	11	12	3

More Homeless in the Merrimack Valley --

By: Sarah Pike

May 7th, 2013

Avid readers of the Merrimack Valley Housing Report know the complexity of the current housing market. This year alone we have discussed the impact of loan rates, the difficulty finding affordable housing, and the ups and downs of market value price points. With such a dynamic housing environment, it is worth asking if the Merrimack Valley is succeeding at housing its citizens. Data from local homeless services organizations indicates the answer is no.

Lowell Transitional Living Center (LTLC), established in 1986, experienced a large influx in individuals utilizing the winter emergency shelter this year. During the months of November 2011 to April 2012 LTLC had a total of 284 individuals utilize the Winter Emergency Bed program. Of those individuals, 75% were men and 25% were women. This year's Winter Emergency Bed program experienced a 27% increase to 362 individuals. Of the 362, 77.5% were male and 22.5% were female.

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Andrew McMann, Executive Director of Daybreak Shelter in Lawrence, said their organization also experienced an increase in individuals seeking services. Last year Daybreak assisted approximately 1400 people. This year, they have already assisted 561. If this trend is steady Daybreak will be assisting nearly 1700 individuals in the year 2013. He stated the most notable increases were those of individuals ages 18-24 and women.

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Another indication of greater needs is the 10% increase in individuals who used the winter emergency bed services at LTLC for less than a week over the total course of the program. The jump, from 169 guests to 186 guests, is either an anomaly or a sign that more single adults and families are in need of emergency housing services. Another significant increase is the number of individuals at LTLC in the residential transitional living program. Examining the same time frames in 2011-2012 and 2012-2013, there was a 35% increase from 3986 guests to 6143 guests.

These numbers indicate that the need for transitional housing support is growing. Multiple organizations in the Merrimack Valley have witnessed this year's increased need. Although it is easy to speculate the cause as related to rising cost of living, higher levels of unemployment, etc., there is no definitive proof as to the cause of the influx.

David McCloskey of Lowell Transitional Living Center states, "Unfortunately we do not know the catalyst for this unprecedented increase, but we will continue to seek the answers and respond to the needs of the homeless in Greater Lowell."

April Home Sales in Lowell continued

improving, it would seem to be a good time to sell.

Of the 54 remaining properties, 17 involved sales by banks or mortgage companies which had gained title by foreclosure (these 17 constitute 22% of all April sales and 31% of the “less than 20 years of ownership” sales). Because the sales price on a foreclosure deed does not necessarily represent the property’s fair market value, it is difficult to assess whether the April sale represents a gain or a loss from the next previous sale of the property. Still, foreclosed properties tend to suppress home values in the adjoining neighborhood, so while it is positive to get bank owned properties back into individual ownership, nothing about the presence of such a large percentage of previously foreclosed properties in the April sales inventory should be seen as a positive indicator of market trends.

The remainder of the April inventory – 33 properties – were all sold by owners who had acquired title in arm’s length transactions within the past 20 years. In 15 cases, title was obtained between 1994 and 2003. Of these, 10 sold at a gain while five sold at a loss. Twenty additional properties were sold by owners who acquired the properties between 2004 and 2008. Of these 20 properties, 13 sold at a loss while seven sold at a gain. Of those seven, five had been purchased in 2008 which is when prices began their collapse. Given the frequency of low or no down payments in the past ten years, it is unlikely that many who sold properties at a loss absorbed that loss themselves. More likely, some of these were short sales in which lenders agreed to release existing mortgages upon a sale because the outstanding indebtedness exceeded the fair market value of the property. In some cases, the seller agrees to make payments on the debt even though the mortgage is released; in other cases the lender simply writes off the loss. In all cases such a sale must be categorized as “distressed”, often representing the only alternative to foreclosure.

What is lacking from the April sales roster are many cases of those who purchased within the past decade or two selling for a clear profit. Such sales are a sign of upward mobility and positive turnover. Their absence suggests many owners are still locked into their present homes by mortgages that exceed fair market value. With such a substantial chunk of potential sales left on the sidelines, the relatively few homes that do reach the market sell quickly to fulfill the growing demand by would be purchasers. While the sales market is hot, it is also quite limited and therefore suggests that full recovery from the post-bubble real estate collapse remains elusive.

The *Merrimack Valley Housing Report* is published by UMass Lowell and the Middlesex North Registry of Deeds

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