

# Merrimack Valley

## *housingreport*

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University of  
Massachusetts  
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MIDDLESEX NORTH  
REGISTRY OF DEEDS

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## Recent Trends in Real Estate

By Richard P Howe Jr.

Detecting the direction of the local real estate market is a never ending quest. One thing that can be said with certainty is that the number of foreclosures is down substantially for 2013 when compared to the same period in 2012. From January through the end of August 2013, orders of notice recorded in the Middlesex North Registry of Deeds district were down 51% and foreclosure deeds were down 60% from the same period in 2012. The number of deeds recorded is another positive: for the first eight months of 2012 there were 3960 deeds, for the same time in 2013 there were 4640, an increase of 17%. Mortgages are a different story. For the January through August period, they were up 1%, but in August, they were down 31%, dropping from 1572 in August 2012 to 1085 in August 2013. Property is selling, but far fewer people are refinancing these days.

While property sales are up overall, even that indicator sends a mixed message. For 360 property sales that took place in Lowell during 2013, 12 of the sellers acquired the properties being sold during the 1970s. The average profit realized by these twelve sellers was \$130,000 (only one sold at a loss). Twelve more of the 2013 sellers acquired the properties in the 1980s. These sold for an average profit of \$107,000 (three of these twelve sold for a loss). Forty-five of the 2013 sellers acquired their properties in the 1990s. These sold at an average gain of \$83,000 although six sold at a loss. Forty-seven of the 2013 sellers acquired their properties between 2000 and 2003. These properties sold at an average gain of only \$2000 and 27 of the 47 sales were at a loss. The hardest hit group was those who acquired their properties between 2004 and 2008. These sales were for an average loss of \$50,000 and 72 of the 99 sold at a loss. Those who purchased properties between 2009 and 2013 accounted for 143 of the 2013 sales. The average gain on these sales was \$23,000 although 45 of the 143 sold at a loss.

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## Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

August 2012 and August 2013 compared

	Haverhill		Lawrence		Lowell		Methuen	
	Aug-12	Aug-13	Aug-12	Aug-13	Aug-12	Aug-13	Aug-12	Aug-13
Deeds	104	125	88	82	159	153	102	105
Mortgages	233	172	123	137	276	244	217	146
Foreclosure Deeds	4	3	22	1	10	8	27	3
Orders of Notice	26	7	9	12	60	16	3	3

Recent home sales in Lowell seem to fall into one of three distinct categories. First are those that were acquired decades prior to the sale. These sellers have either paid off their mortgages or owe very little and are essentially cashing in their equity. The second group are properties that are owned by institutions that recently acquired title through foreclosure. The final group are those who acquired title during the real estate boom. Many of these owners sell for less than they paid to purchase the property which suggests that many of them are short sales in which the seller's lender consents to release its mortgage on the property for payment of less than the full amount due on the mortgage. The sellers may still be indebted to the lender for the deficiency, but at least the house is able to be sold to a third party. This trend represents a major shift by lenders. Up until a year ago, many of these properties would have ended in foreclosure, a process that would have taken the properties off the market for a substantial period of time and would have dragged down the values of other homes in the neighborhood.

As the accompanying chart indicates, people who purchased homes back in 2000 have seen their purchase appreciate by an average of 40%. Because that thirteen year-long price increase was not gradual and linear, people who bought when the market was at its peak (which was 2005 in Greater Lowell) are still far behind.

### Middlesex North Registry Deeds

	Lowell		Dracut		Tewksbury		Chelmsford	
	med/price	chg/prior	med/price	chg/prior	med/price	chg/prior	med/price	chg/prior
2000	\$140,000		\$167,450		\$208,500		\$206,500	
2001	\$162,000	16%	\$175,257	5%	\$230,000	10%	\$235,900	14%
2002	\$187,375	16%	\$204,900	17%	\$269,900	17%	\$272,997	16%
2003	\$217,000	16%	\$230,000	12%	\$289,900	7%	\$295,000	8%
2004	\$238,600	10%	\$245,000	7%	\$329,900	14%	\$314,900	7%
2005	\$254,900	7%	\$269,900	10%	\$345,000	5%	\$325,000	3%
2006	\$247,000	-3%	\$260,000	-4%	\$325,350	-6%	\$317,500	-2%
2007	\$225,000	-9%	\$241,000	-7%	\$305,000	-6%	\$304,000	-4%
2008	\$184,900	-18%	\$275,450	14%	\$310,000	2%	\$280,000	-8%
2009	\$178,500	-3%	\$230,000	-17%	\$290,000	-6%	\$289,000	3%
2010	\$180,000	1%	\$237,000	3%	\$289,000	0%	\$290,000	0%
2011	\$170,000	-6%	\$214,800	-9%	\$280,000	-3%	\$275,250	-5%
2012	\$175,000	3%	\$226,032	5%	\$275,000	-2%	\$278,950	1%
2013	\$194,130	11%	\$239,950	6%	\$279,9000	2%	\$297,500	7%
%Change	Since 2000	39%	%Change	43%	%Change	34%	%Change	44%

Median sales price of deeds recorded by year (\$75K to \$750K)

## Home Appreciation-A National Trend

*By Sarah Pike*

A recent study conducted by Zillow, a real estate research website, found that the national average for negative equity decreased from 30.9% to 23.8% in the second quarter. This decrease of seven percentage points indicates rising home values across the nation. A different publication by the same source indicates that the average negative equity is not just lower in comparison, but has been gradually falling consistently for the last five quarters. With such significant results found on the national level, the Merrimack Valley Housing Report team sought to investigate this trend in the Merrimack Valley.

Although the 2012 data for our region was not available, we did discover that according to the Zillow second quarter 2013 report, most averages in the zip codes for Lowell, Lawrence, Methuen, and Haverhill are slightly larger than the national average. The one exception is Methuen. Although the remaining zip locals do have slightly larger percentages, they are hovering very close to the national average. There are only four zip locals which have larger than three percentage points above the national average. One of those zip locals is in Lowell and the remaining three are in Lawrence.

<b>Lawrence</b>	
Zip	Percent of Homes under Water
01840	37%
01841	41%
01843	34%

<b>Lowell</b>	
Zip	Percent of homes under Water
01850	35%
01851	25%
01852	27%
01854	27%

*Home Appreciation- A National Trend (continued from page 3)*

<b>Haverhill</b>	
Zip	Precent of Homes Under Water
01830	25%
01832	26%
01835	27%

<b>Methuen</b>	
Zip	Precent of Homes Under Water
01844	23%

As stated, it is very difficult to assert any change in regional home value without the appropriate comparative data. However, the fact that the regional averages are very close to the national average may indicate that the Merrimack Valley is following the national trend of increasing home value. This is supported by a study conducted by another real estate research group, CoreLogic. According to the 2013 first quarter report by CoreLogic, Massachusetts held 15% of the total national average of negative equity. In other words, out of all the homes currently under water, 15% of them are located in Massachusetts. Although this data is not fully conclusive without the historical context, it is very likely that the Merrimack Valley has slightly higher than average rates of negative equity, however they are following the national trend of decreasing.

<b>Local Regions</b>	<b>Regional Average</b>	<b>National Average</b>	<b>Percent Difference</b>
Lowell	28%	24%	15%
Lawrence	37%	24%	43%
Methuen	23%	24%	-4%
Haverhill	26%	24%	8%

<http://www.zillowblog.com/research/>

<http://www.corelogic.com/research/negative-equity/corelogic-q1-2013-negative-equity-report.pdf>

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