

Merrimack Valley

housingreport

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Signs of Recession

By Richard P. Howe Jr.

Recording statistics from the registry of deeds corroborate the sense that real estate remains stagnant. During the first seven months of 2010, the number of mortgages recorded dropped 32%, going from 9327 in 2009 to 6345 in 2010. Foreclosure-related activity was up substantially, with orders of notice rising 92%, from 365 in 2009 to 702 in 2010. Foreclosure deeds were up 78%, going from 225 to 401. Only deeds provided some good news, rising from 2921 in 2009 to 3138 in 2010.

Another document that is reflective of tough economic times is the execution. Issued by the court after judgment has been recovered and the appeal period has passed, the execution commands the sheriff or any constable to “from out of the value of any real or personal property of such judgment debtor found within your jurisdiction

to cause payment to be made to the judgment creditor.” When a judgment debtor owns real estate, the sheriff records the execution at the registry of deeds with a description of the debtor’s property attached. The next step would be for the sheriff to auction off the property and pay the creditor out of the proceeds. In almost all cases, however, the process stops short of the auction and the execution is “suspended” to await the eventual sale or refinancing of the property at which time the owner would have to settle up with the creditor.

Since 2003, the number of executions recorded annually has risen steadily and substantially: 251 in 2003; 298 in 2004; 318 in 2005; 557 in 2006; 602 in 2007; 724 in 2008; and 985 in 2009. By the end of July 2010, 720 executions had already been recorded. If that amount was projected over twelve months, 2010

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Deeds, Mortgages, Foreclosures and Orders of Notice Recorded

July 2009 and July 2010 compared

	Haverhill		Lawrence		Lowell		Methuen	
	July-09	July-10	July-09	July-10	July-09	July-10	July-09	July-10
Deeds	109	92	114	72	120	111	94	67
Mortgages	193	163	128	98	232	178	223	124
Foreclosure Deeds	8	20	19	33	17	30	4	18
Orders of Notice	15	16	33	20	40	27	22	20

A Matter of Demand

By Keith Vaillancourt

Since the First Time Home Buyers Tax Credit (FTHTC) ended in April and housing markets remain weak and spotty, it would be pertinent to examine home buyer demand in the region as the credit has expired and the slower summer home buying months are coming to an end. Registered deeds filed were gathered from Haverhill, Lawrence, Lowell and Haverhill in the month of July.

Table (1) displays the change in deeds between June and July. The most prominent data point comes from Lawrence. The decline of deeds month-to-month in Lawrence was the city's largest decline in deeds registered since January of 2008, and 2nd overall in declining deeds compared to the other four cities since

January of 2008. Methuen had the largest decline overall in January 2008 to February 2009, at -46%. Changes for the other three cities this month since January of 2008 were as followed: Lowell, 4th largest decline, Methuen, 4th largest decline, and Haverhill, 4th largest decline in their own respective histories (not compared or overall).

Tables (2) & (3) display changes in deeds filed in 2008 and 2009 for comparison of June/July. Another note, this is the largest total decrease in deeds filed in the four cities since 2008 combined. (Largest three combined decreases: June to July of 2010: - 150, December to January of 2008/2009: - 112 and December to January of 2009/2010: - 85)

(Table 1)

2010	Methuen	Lowell	Haverhill	Lawrence
June	93	162	112	125
July	67	111	92	72
	-26	-51	-20	-53
	-27.96%	-31.48%	-17.86%	-42.40%

(Table 2)

2009	Methuen	Lowell	Haverhill	Lawrence
June	84	146	111	112
July	94	120	109	114
	10	-26	-2	2
	11.9%	17.81%	1.8%	1.79%

(Table 3)

2008	Methuen	Lowell	Haverhill	Lawrence
June	85	171	106	98
July	78	157	88	116
	-7	-14	-18	18
	-8.24%	-8.19%	-16.98%	18.37%

One interpretation to this sharp decline from national economists and real estate industry professionals is that the FTHTC created a “mini housing bubble,” which could be evident in certain markets around the country. It would also be assumed that a mini-bubble would have negative consequences in demand and property values. However, the entire picture should be considered.

The table below displays total deeds filed between January and July in respective years and cities. Considering what the table displays, it could be interpreted that the FTHTC (the tax credit began in March of 2009) brought slumping deed numbers closer or higher to each other in some cases from year to year, instead of experiencing significant declines from 2008 to now. It could also be argued that the FTHTC kept weaker markets (Lawrence) from falling significantly

	Methuen	Lowell	Haverhill	Lawrence
2008	548	1064	625	619
2009	510	951	651	691
2010	511	964	674	627

Interpretations of the data aside, a few uncertainties regarding demand in the local market remain. The tax credit had recently expired and only half the year is over. The summer is usually a slow month for single family homes sales as well. The number of deeds filed

in fall/winter should provide more certainty to where true market demand will reside as markets remain weak and underemployment/unemployment remains high. █

Upcoming Events in the Valley

The Merrimack Valley Regional Network to End Homelessness (MVRN) is a regional initiative focused on preventing and ending homelessness. The MVRN is holding a meeting on Monday, August 16 at 2:00pm at Greater Lawrence Community Action, 4th Floor Conference Room, Essex St. If you are interested in attending, please contact Kristin Ross-Sitcawich at KRoss@comteam.org or Ed Cameron at ECameron@comteam.org

Signs of Recession

Con't from pg.1

would see 1234 executions. Of the 69 executions recorded in July 2010, most appeared to be credit card accounts in default. Capitol One led the way with eleven ranging in value from \$1100 to nearly \$20,000. Citibank had eleven and Discover had six. Many of the executions were in favor of companies such as Arrow Financial Services which, according to its website, is a “nationally recognized leader in the receivables management industry with over \$16 billion in consumer debt under management,” giving further evidence that the bill has come due for the “buy everything on credit” philosophy from a few years ago.

The accompanying table (“Middlesex North debt-related recordings, 2003-2010”) shows the rise in volume of executions being recorded along with attachments (a pre-judgment security interest that ripens into an execution after a judgment enters in the court case) and state and federal tax liens which cover a wide range of tax deficiencies. The ever-increasing volume of these four document types are additional indicators that tough economic times continue. █

Middlesex North Debt-Related Recordings, 2003-2010								
	2003	2004	2005	2006	2007	2008	2009	2010*
Attachments	134	156	149	217	235	172	133	114
Executions	251	298	318	557	602	724	985	1234
Mass Tax Liens	278	392	458	499	598	612	701	672
Federal Tax Liens	156	123	172	220	290	567	723	709
<i>*Stats for 2010 are 12 month projection based on Jan-July recordings</i>								

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