

Merrimack Valley housingreport



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Housing Prices: How Low Will They Go?

Richard P. Howe Jr.

The bursting of the housing bubble caused real estate prices to decline, but by how much? To help answer that question, I researched 570 properties in the city of Lowell that were sold multiple times between July 1, 2003 to June 30, 2008 and compared the first and the last sale price of each property. Here is what I found: The average first sale price was \$240,010 while the average last sale price was \$199,441, a 17% decline. The average time between sales was 24 months.

While an overall slide in real estate prices of 17% is no cause for optimism, scrutinizing the statistics in greater detail yields some interesting results. A

full two-thirds of the subject properties (367 of 570) involved a foreclosure sale at some point.

In these cases, the average first sale price was \$248,746 while the average last sale price was \$186,751, a 25% decline. The remaining one-third of the subject properties, those that had nothing to do with foreclosures, saw no change in value. The 202 properties in this class had an average first sale price of \$224,095 and an average last sale price of \$222,559. Surprisingly, condominiums held their value better than non-condominiums. Of the 570 cases studied, 149 involved condominiums.

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Rising Heating Costs

David Turcotte

Merrimack Valley households heating with oil will pay approximately 46% more in 2008 than they paid in 2007, according to an UMass Donahue report released earlier this month. However, residents heating with utility provided

natural gas are projected to pay about 11% more this year. Researchers identified at least 163,000 households who heat with oil that will have difficulty paying their heating bills this winter. Among these, 69,595 households headed by individuals over 60 years of age will be “severely burdened” by paying oil heating bills, due to limited income.

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Deeds, Mortgages, and Foreclosure Recorded

July 2007 and July 2008 Compared

	Haverhill		Lawrence		Lowell		Methuen	
	Jul-07	Jul-08	Jul-07	Jul-08	Jul-07	Jul-08	Jul-07	Jul-08
Deeds	99	88	93	116	187	158	81	78
Mortgages	243	139	199	152	352	220	226	146
Foreclosure Deeds	17	19	23	37	31	27	6	8

See page 4 for June Data Tracker

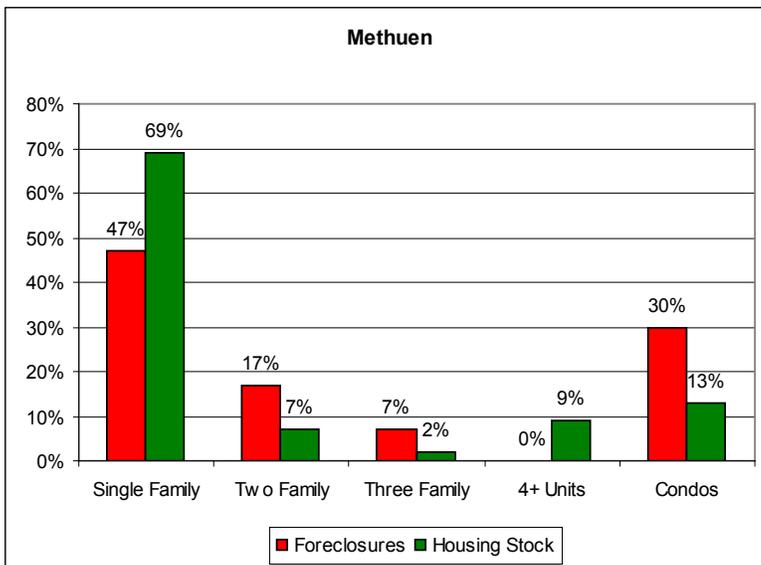
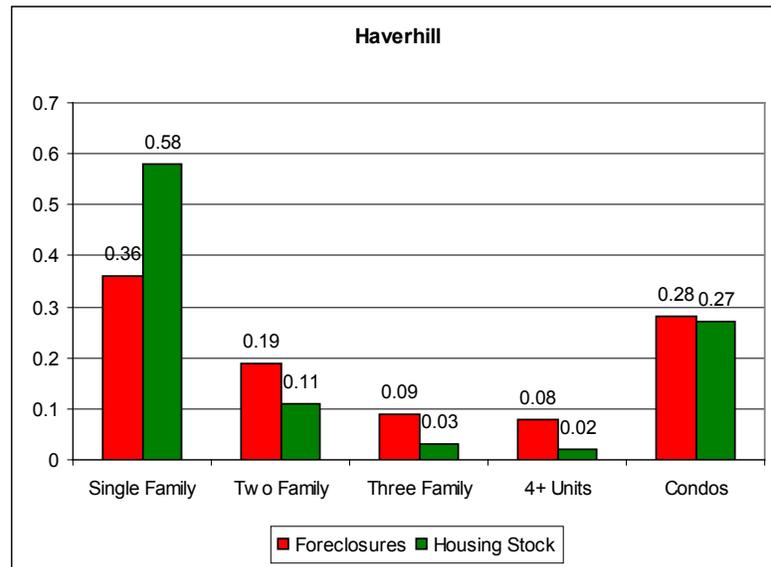
2008 Foreclosures by Property Type for Haverhill and Methuen

John Fraser

Last month we compared foreclosure numbers by property type with the existing housing stock for Lowell and Lawrence. We saw that foreclosures are occurring across housing types affecting both renters and owner-occupied housing units. The data for Haverhill and Methuen shows that once again foreclosures are distressing people across the housing spectrum. Similar to Lowell and Lawrence, *Single Family* homes were hit hard but unlike those cities *Condominiums* and *Townhouses* were the second hardest hit type of housing. In Haverhill, *Condominiums* represent 28% of foreclosures and make up 27% of the housing stock; it makes sense that these figures would roughly correspond. In Methuen however, *Condominiums* represent 30% of foreclosures yet make up only 13% of the housing stock; these numbers are vastly disproportionate.

Another marked difference between the data for Lowell and Lawrence and that of Haverhill and Methuen is with *Two* and *Three Families* and *Apartments Over 4 Units*. Combined, *Multi-Family* homes in Lowell and Lawrence accounted for 46% and 73% of foreclosures in each city respectively; far more than the percentage in either Haverhill or Methuen with 36% and 24% respectively.

Haverhill experienced 117 residential foreclosures from January through July 2008. Of those foreclosures 36% were *Single Families*, 19% were *Two Families*, 9% were *Three Families*, 8% were *Apartments Over 4 Units* and 28% were *Condominiums*. In 2007 there were 17,523 residential parcels in Haverhill; 58% were *One Families*, 11% were *Two Families*, 3% were *Three Families*, 2% were *Apartments Over 4 Units* and were *Condominiums*.



Methuen experienced 60 residential foreclosures from January through July 2008. Of those foreclosures 47% were *Single Families*, 17% were *Two Families*, 7% were *Three Families*, 0% were *Apartments Over 4 Units* and 30% were *Condominiums*. As of 2007 there were 15,140 residential parcels in Methuen; 69% were *One Families*, 7% were *Two Families*, 2% were *Three Families*, 9% were *Apartments Over 4 Units* and 13% were *Condominiums*.

Heating Costs continued from page 1

In addition, about 25,000 of these households are headed by person 80 years or older.

Within Northeast Massachusetts, roughly 56% of households heat with natural gas while 30% use heating oil. The full report can be accessed at:

<http://www.donahue.umassp.edu/docs/heat-rises>

Will escalating oil heating costs further exacerbate the foreclosure problem in Massachusetts? What can households do to reduce their energy use and lessen the financial burden? Low-to-moderate income households may qualify for federal and state fuel assistance to help pay their heating bills. For more information about fuel assistance and weatherization programs call 1-800-632-8175.

Most Massachusetts residents may be eligible for free energy audits and energy efficiency rebate programs offered by MassSAVE.

Call 1-866-527-7283 for more information. The following are some energy saving tips listed on the

MassSAVE website at:

http://www.masssave.com/customers/energy_tips.php

- Seal up the largest air leaks in your house – the ones that whistle on windy days, or feel drafty. Check around windows, doors, utility cut-throughs for pipes (plumbing penetrations), and unfinished spaces behind cupboards and closets.
- Keep fireplace dampers closed whenever your fireplace is not in use.
- Make sure your appliances and heating and cooling systems are properly maintained.
- Lower your thermostat in winter, particularly in the evening and when outside of home (programmable digital thermostats make this more feasible).
- Use kitchen and bathroom ventilating fans only when they're needed.
- During the heating season, keep draperies and shades on south-facing windows open during the day and closed at night. 📌

Housing Prices continued from page 1

They had an average first sale price of \$180,073 and an average last sale price of \$168,016, a decline of only 7%. Condominium sales that involved foreclosures (50 cases) showed a 17% decline, while condo sales unrelated to foreclosures (99 cases) showed a decline of only 2%.

What conclusions can be drawn from these figures? It's clear that anytime a foreclosure is involved, the value of a property drops significantly. The overall good health of the condominium market is encouraging, especially since condominiums saw the steepest price declines during the real estate slump of the early 1990s. While it appears that properties without a history of foreclosure have held their value, the design of this survey may have influenced that result. For example,

it is commonly understood that the first half of the five years studied was a time of rapidly rising prices while the second half was a period of steep declines. With the average time between first and last sales only 27 months, further research is needed to rule out the possibility that early gains and late losses cancelled each other out, leaving us with an overly optimistic view of the current direction of prices. These statistics also raise a number of other questions. Why are sales unrelated to foreclosure such a small (only one-third) part of the market? How many would-be sellers are frozen out of the market because mortgage balances now exceed property values? Will the resale value of foreclosed properties stay so low or will it rebound? Please pick up our September issue for answers to these and other questions. 📌

Deeds, Mortgages, and Foreclosure Recorded
June 2007 and June 2008 Compared

	Haverhill		Lawrence		Lowell		Methuen	
	Jun-07	Jun-08	Jun-07	Jun-08	Jun-07	Jun-08	Jun-07	Jun-08
Deeds	115	106	110	98	183	171	92	85
Mortgages	288	171	243	138	357	281	225	153
Foreclosure Deeds	10	14	34	43	32	36	2	8

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

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