

## August 2009 MLS Report

*Provided by David Flory, Cunningham & Company Mortgage Consultants*

### David's Comments

With the trillions the Federal Government is pumping into our economy to assist the consumer, homeownership opportunities and cash for clunkers I am lead to think about the one of the Beatles Hit songs –

“Can't buy me love, love, Can't buy me love  
I'll buy you a diamond ring my friend if it makes you feel alright  
I'll get you anything my friend if it makes you feel alright  
'Cause I don't care too much for money, money can't buy me love”

Do you think the Federal Government is trying to buy your love? Have they been able to stimulate the economy? The cash from clunkers is over, the Federal Reserve has bought \$849 Billion in Mortgage Backed Securities (MBS) out of \$1.25 trillion they committed to. This has kept home loan rates near the present low levels (see chart near end of report). The purchase of the MBS is set to be over by the end of the year and with the prospect of the first time homebuyer tax credit expiration date of December 1<sup>st</sup>, now would be an excellent time to get that buyer off the fence.

August has proven to be a month with lower number of sold units by 14% but the average sales price managed to give us a 7.5% increase from the previous month. Our listing inventory + or – 50 units last 6 months. This is the first month we have had a decrease in sold units since January 2009 (see chart). We saw mortgage rates spike on us in June and have since regained the lost ground and rates are hovering near 5.125% during the end of August, so there are refinances going on and this should also spur the purchase market. First Time Homebuyers have about 2 and half months to close on a home to be able to claim the \$8,000 tax credit.

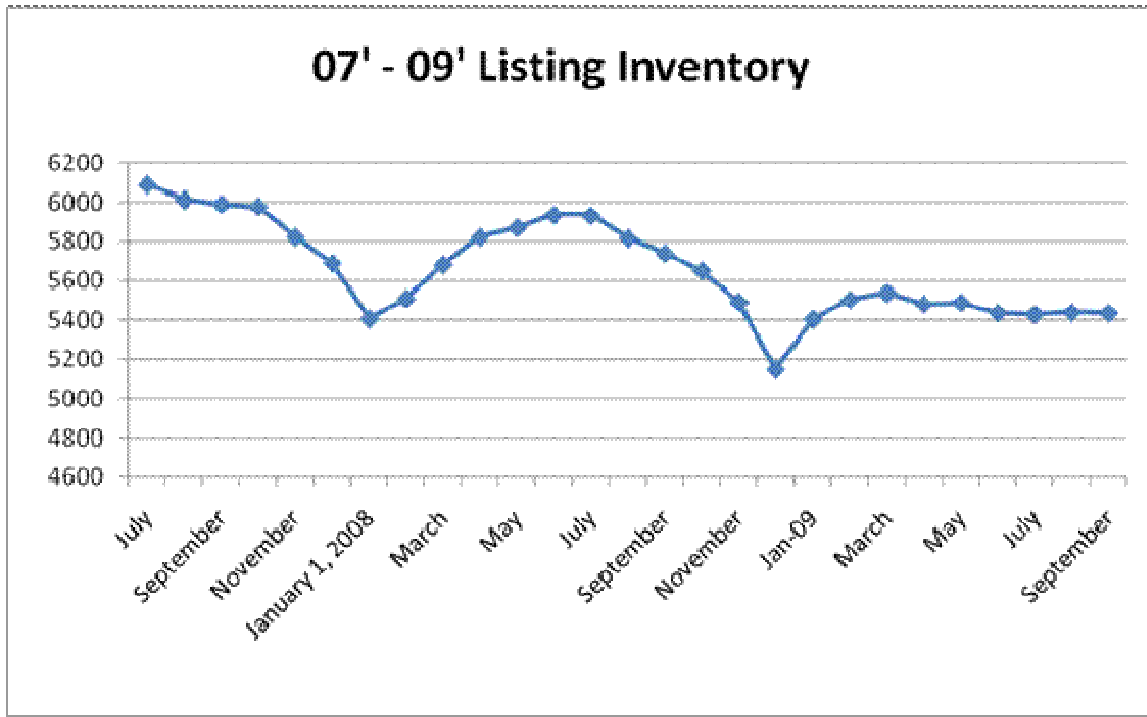
We actually saw a small increase in our listing inventory for the month of August, less than 36 homes with 5,436 homes on the market; this continues to put us in a strong buyer's market with a listing inventory of over a 14.3 month supply. We have a few plus factors – Our listing inventory has remained in the 5,400 to 5,500 unit range for the last nine months. Our average list price has dropped to \$401,661. We are also seeing our lowest level of seller concessions at 21.8% of August sold homes. Then I look at the factors that are slowing us down. Our average days on the market has stayed in the 130's which is typical for a buyer's market, it increased about 2 days from last month. The list to sold ratio is 94.5% down a little from last month; we want this number to be going up. The number of homes that sold in 15 days or less continues to remain very low 16.8% of July sold homes. On a rolling 12 month our sold units are down by 23.0%. Our average list price has ranged from a low \$401,661 (Sept 1) to a high of \$424,201 (October 2008) for the last 11 months.

**Despite all the media comments about our markets we are still lending money for residential mortgages. If a client has income and credit and some sort of down payment and they can get a mortgage. It goes to the basic three C's – Capacity, Collateral and Character.**

### Listing Inventory

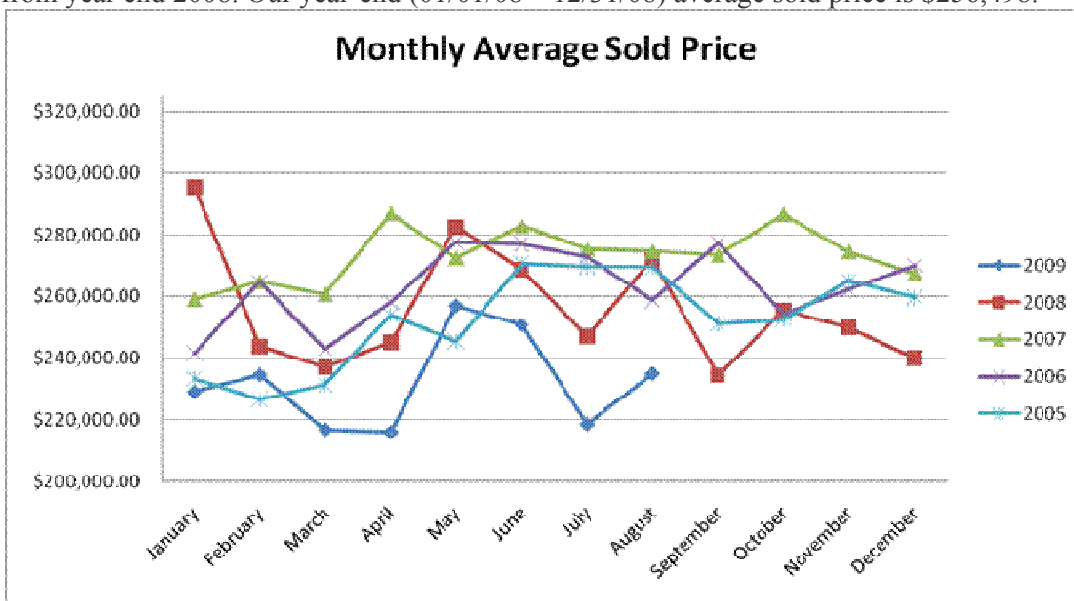
Our current listing inventory has stayed within a 100 unit swing for the last 10 months– very consistent. We have a 36 unit decrease from last month and we are about 305 units down from Sept 1, 2008. We

have 5,436 single family homes for sale in our MLS. The average list price of \$401,661 is down by \$8,530 from last month. The average list price has decreased by 3.7% from July 2009.



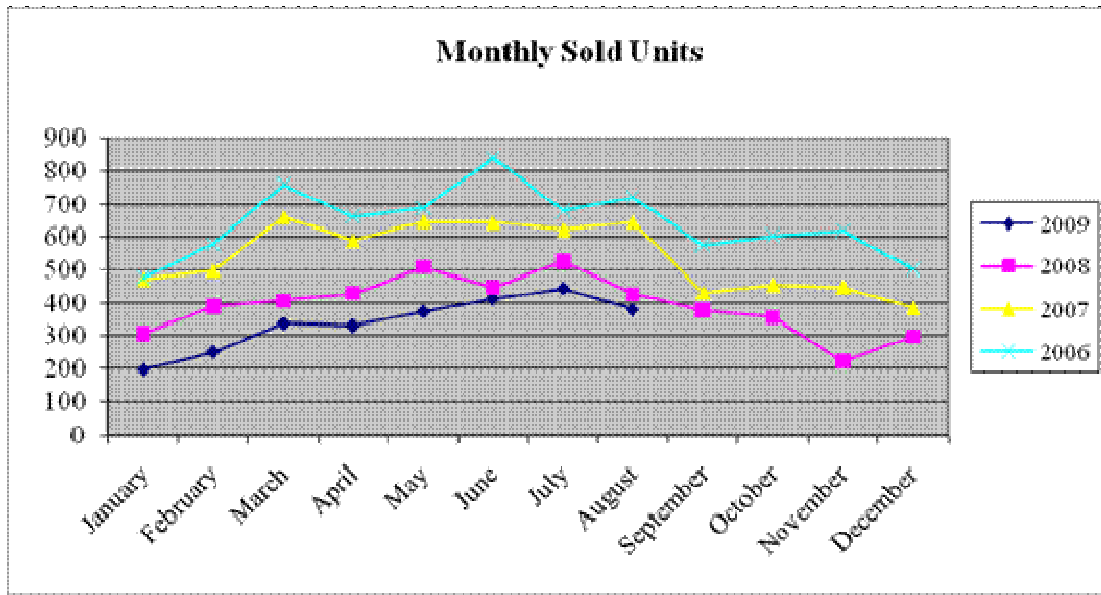
### Monthly Average Sold Price

Our monthly average sold price is up by **7.5%** from last month and down **13.7%** from Aug 2008. We have a \$16,409 gain over last month. August average sold price (\$234,988) shows a decrease of just **8.4%** from year end 2008. Our year-end (01/01/08 – 12/31/08) average sold price is \$256,498.



## Monthly Sold Units

The number of sold homes took a slight dip from last month. August saw a decrease of 65 sold homes over July 2009. This is our first dip in sold units since Jan 2009. In our rolling 12 months – September 2008 to August 2009 our average sold price is down by **11.0%** over this same timetable a year ago. Our monthly sold units continue to lag behind the last couple of years by as much as **23.0%**. If you look at the chart you will notice that the next 4 months our sold units are below 400 per month, this is also a traditional time of year that we see a decrease.



## Average Sold Price Year to Date

Year over year our year to date numbers have dipped a little.

2003 year end average sale price \$ 186,137

2004 year end average sale price \$ 210,048

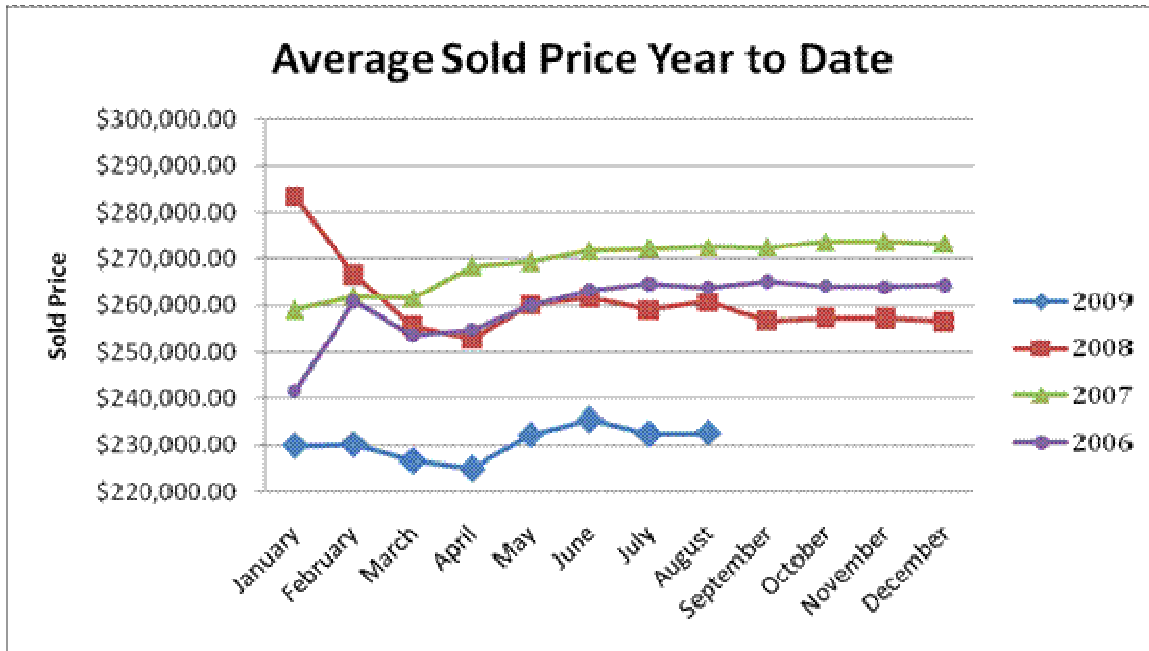
2005 year end average sale price \$ 254,080

2006 year end average sale price \$ 264,498

2007 year end average sale price \$ 273,408

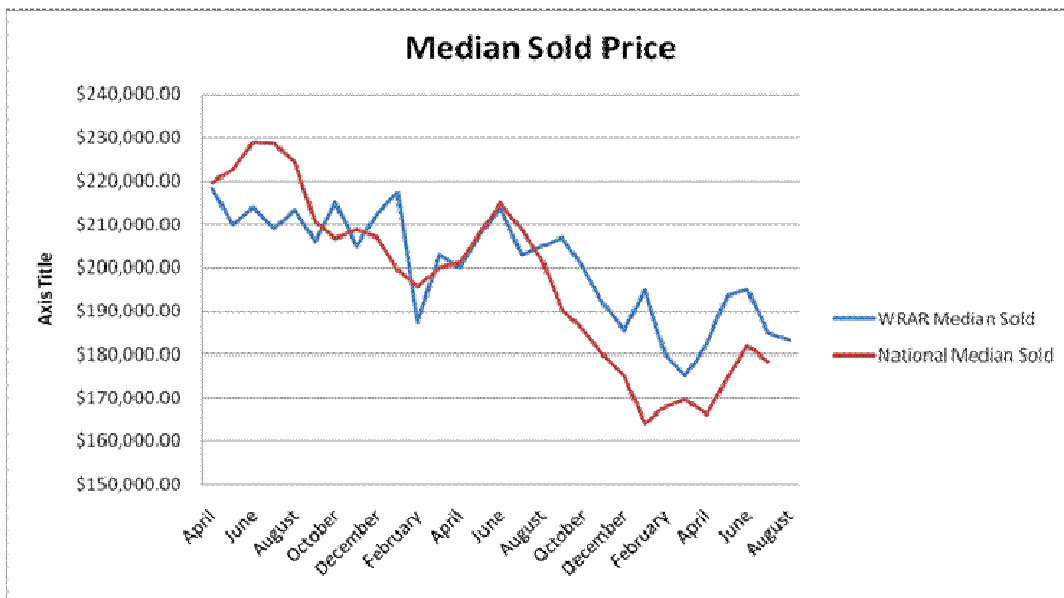
2008 year end average sale price \$256,498

August 2009 – average sold price of \$234,988 is **8.4%** behind year end 2008. We have four months left to get our average back up to 2008 levels.



### Median Sold Price

Our Median sold price is down 2.3% from last month. In our current rolling 12 month (Sept 08 to Aug 09) the median is \$189,900. While we have not dipped as low as the National Median we continue to follow the same path, we are just slightly ahead of the National Median and both of us have had little upticks in the last couple of months. I am hoping that this current dip will correct itself with our sales in September.



**Market Absorption rate** – The number of homes sold in August, 380 divided by the current listing inventory, 5,436 gives us a **14.3** month supply of single family homes (we added 2.0 months to the supply from last month). The decrease in sales units for August affects this calculation. This just means that we have plenty of homes to sell. With rates where they are and plenty of inventory and a good fall market we can get this number down.

**List to Sold price ratio** – the average list price of the sold properties is \$248,796 and the average sold price is \$234,988 for August which gives us a **94.5%** list to sold price ratio – a decrease of .5% from last month. This is our Eleventh month under 95%.

**Seller Concessions** – We had **21.8%** of sold properties report a sales concession for August, an increase of .7%. I hope with this number so low we are seeing the bottom of seller paid concessions. We want this number to go lower and it just went higher by .7%. The average concession for the month was \$4,060.

**Days on Market** – The average days on market for the sold properties is now at **139** for August. That is almost 5 months to keep a property on the market. Only **16.8%** of the properties were placed under contract in less than 15 days for the month of August an uptick of just 1% over last month.

### **Carolina & Kure Beach**

There are currently 553 single family homes for sale and this represents a 7 unit decrease over Aug 1 and 10.2% of our total WRAR inventory. The average list price is \$462,605 a slight increase over last month of \$2,587. In August there were 20 homes sold, divide that by the homes available and you have a **large** monthly supply of homes in Carolina and Kure Beach (over 27 months). The average sold price for the month of August was \$299,031 and is down from last month. In August 2008 we had 20 home sales at an average \$351,590. When we look at our year to date we see that we are ahead in units by 2 and our average sold price has dipped from \$378,409 (first eight months of 2008) to a current \$308,031 a decrease of 18.6%.

This data was pulled on September 13, 2009, based on information from the Wilmington Regional Association of REALTORS Incorporated, for the period Jan. 1, 2005 through August 31, 2009.

The Market

### **Mortgage rates down slightly this week**

Freddie Mac released the results of its Primary Mortgage Market Survey in which the 30-year fixed-rate mortgage (FRM) averaged 5.07 percent with an average 0.7 point for the week ending September 10, 2009, down from last week when it averaged 5.08 percent. Last year at this time, the 30-year FRM averaged 5.93 percent.

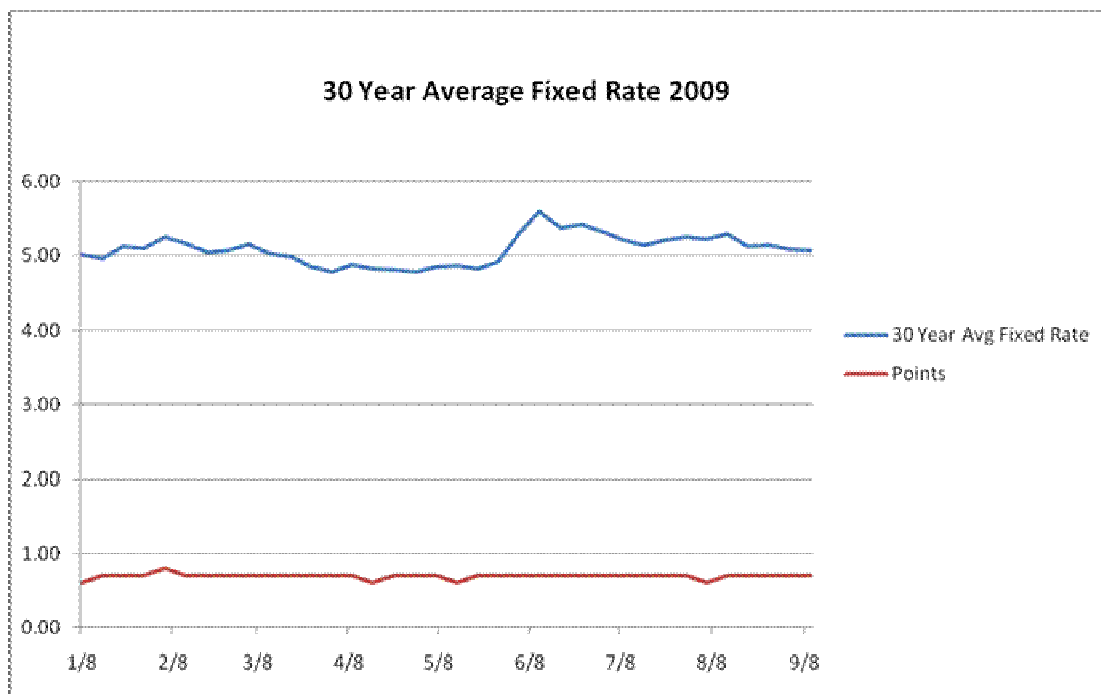
“Mortgage rates remained historically low over the past two weeks, keeping housing very affordable,” said Frank Nothaft, Freddie Mac vice president and chief economist. “As a result, mortgage applications leapt 17 percent over the week ending September 4, led by a 23 percent jump in refinancing demand, according the Mortgage Bankers Association. In fact, nearly three out of five applications were for refinancing current loans.

“While the economy lost 216,000 jobs during August, it was the smallest monthly job loss since August 2008. This and the Federal Reserve’s latest “Beige Book” suggest that the economy may be on the road to recovery. Based on information up through late August, most Federal Reserve Bank districts noted that

their business contacts remained cautiously positive that economic activity was stabilizing in July and August. Two out of the 12 districts also indicated that local house prices were firming.”

Freddie Mac

This chart represents the average 30 year fixed rate mortgages and the path they have taken this year. Just something to note about this fall, the Federal Reserve is scheduled to purchase Mortgage Backed Securities (MBS) through the end of the year, and they are only purchasing Treasuries through the end of October. The reason the Fed is buying long-term Treasuries is to maintain the spread between the 30 year Treasury and MBS. Once the Fed stops buying Treasuries, their yields should rise... and that would force yields on mortgage rates to move up so they can stay competitive and attractive. We also have to be concerned with the \$8,000 Tax Credit set to expire on December 1, 2009. It could make for an interesting Fall 2009.



I offer these key statistics to keep you informed as to how our market is moving. With 16 years of real estate sales and management in my background I am able to evaluate the current conditions and provide you with accurate data. With key information from your clients I can evaluate their needs and offer them the best plan for their current mortgage. Call me today for a quote.

Cunningham & Company is a full service Mortgage Banker - we handle everything in house. We do first time buyers, USDA, FHA and VA loans, Conventional and Jumbo Loans, 100% financing and we have a large selection of adjustable rate loans as well as several interest only programs and ask me about no PMI programs. Call me today with my background in real estate and the resources of Cunningham & Company working together... you can't miss. A loan in the crowd.

*David Flory*

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