

October 2009 MLS Report

David's Comments

We said it was coming, October was a great month, for the second month we have had a gain in unit sales over the previous month as well as the same month 1 year ago. It was the pop we have been waiting for with a **10.5%** gain in units over last month and a **9.1%** decrease in average sales price. We have now have had three months with consecutive sold unit gains.

Last month I mentioned several reasons that buyers should take advantage of our current real estate environment with the First Time Homebuyers tax credit being the major advantage. I continue to believe that we have the right conditions thru the spring to assist buyers. What do we have to offer them? A large housing inventory – almost 5,300 units; Mortgage rates averaged 4.98% with a .70% origination fee ending week of 11/5/09; Sellers with homes on the market for average of 143 days; 25% of sellers paying closing costs; List to sold price ratio of 94%; and **\$8,000 Tax Credit** to those that qualify – Now is the best time to be buying.

In the month of October we saw a decrease of 17 homes in our listing inventory, we have 5,296 homes on the market; this continues to put us in a strong buyer's market with a listing inventory of over a 12.0 month supply. Our listing inventory has remained in the 5,300 to 5,500 unit range for almost a year now. Our average list price has dropped to \$382,334. For October we saw a spike in our seller concessions, it jumped to 24.9%. These factors hurt our market - Our average days on the market has moved in to the 140's which is typical for a buyer's market, it increased about 9 days from last month. The list to sold ratio is 93.9% up .4% 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, 19.5% of October sold homes. On a rolling 12 month our sold units are down by 18.2%. Our average list price has dipped below the \$400,000 range for two months; we have to go back to April 2005 to find an average list price below \$400,000, for October 09 it was \$382,334.

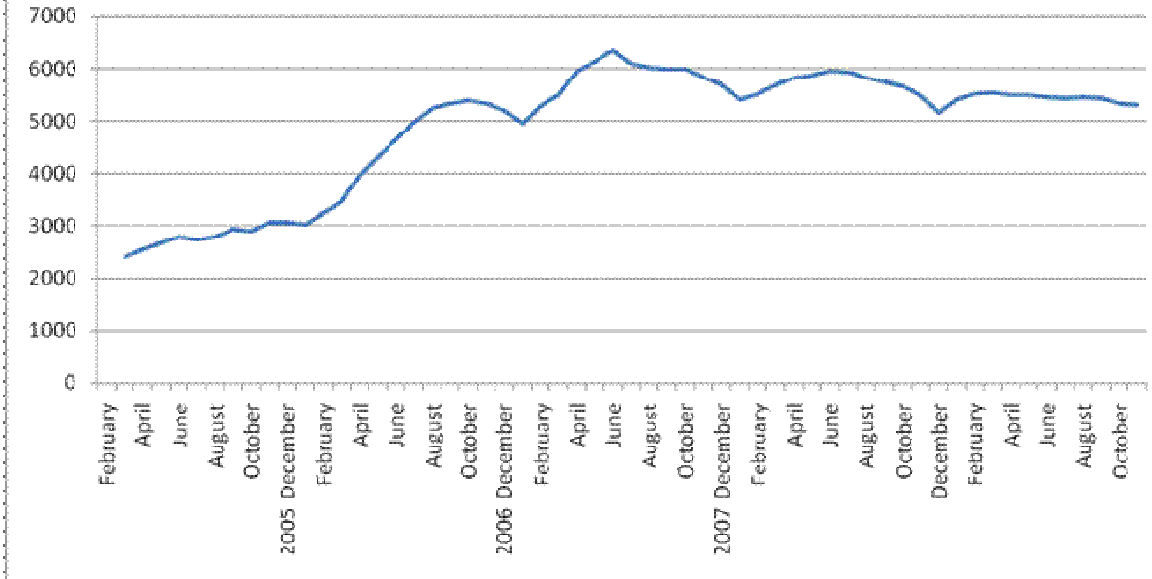
I have prepared this report a little earlier this month than I normally do, so I do anticipate some numbers to be adjusted when I do next month's report. We still have agents reporting sales that closed on the end of the month of October.

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; they can get a mortgage. It goes to the basic three C's – Capacity, Collateral and Character.

Listing Inventory

In October we saw very little decrease in listing inventory, only 17 units less than last month. We are about 356 units down from Nov 2008. We have 5,296 single family homes for sale in our MLS. The average list price of \$382,334 is down by \$11,286 from last month. The average list price has decreased by 2.9% from Oct 2009.

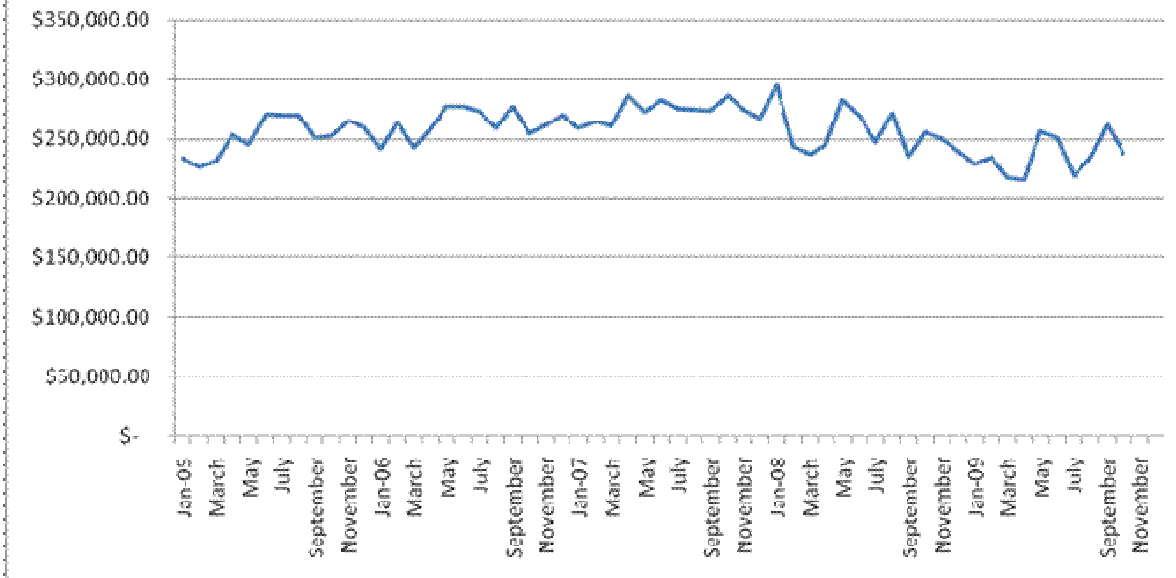
Current Listing Inventory



Monthly Average Sold Price

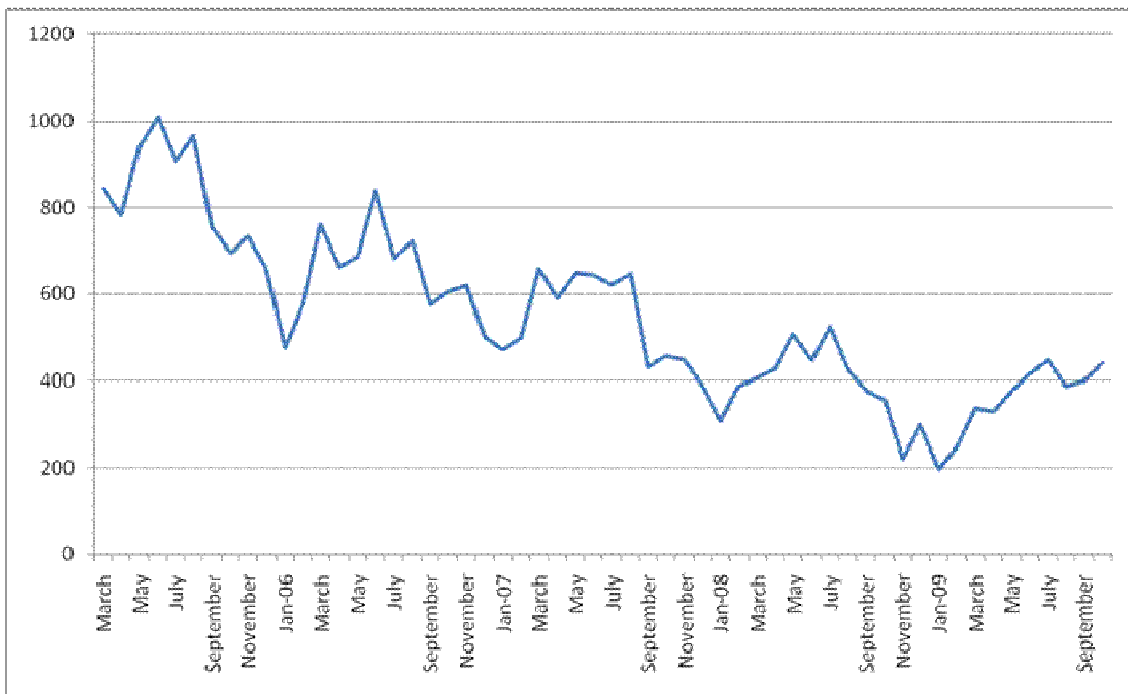
Our monthly average sold price is down by **9.1%** from last month and down **6.8%** from October 2008. All that gain we had last month we lost this month - we have a \$23,919 loss over last month. October average sold price (\$238,220) shows a decrease of just **7.1%** from year end 2008. Our year-end (01/01/08 – 12/31/08) average sold price is \$256,498. In our rolling 12 months – November 2008 to October 2009 our average sold price is down by **18.2%** over this same timetable a year ago.

Monthly Average Sold Price



Monthly Sold Units

The number of sold homes is up **10.5%** from last month and up **23.5%** from October 2008. October saw a increase of 84 sold homes over October 2008. This is our second monthly increase in year over year sold homes since September 2005. Our monthly sold units continue to lag behind the last couple of years by as much as **14.3%**. We have now had 3 months in 2009 with over 400 units sold compare that with 2008 and we had 6 months with 400+ units sold. You can notice that all of our big dips seem to occur on or about December. I believe we will continue to see the next couple of months with unit sales over and above the previous year. No doubt in my mind the First Time Homebuyers Tax Credit has contributed to this increase in sales units and I would anticipate it to continue over the next several months as we approach the new potential extended deadline of April 30, 2010 (more on this later).



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

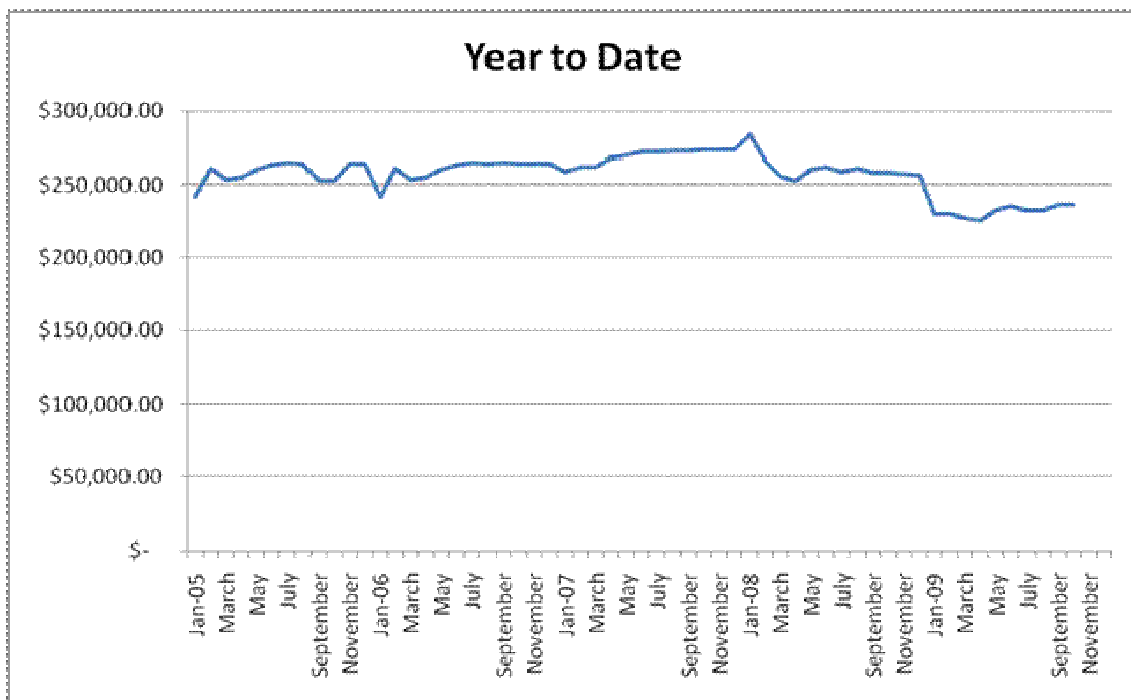
2005 year end average sale price \$ 254,080

2006 year end average sale price \$ 264,498

2007 year end average sale price \$ 273,408

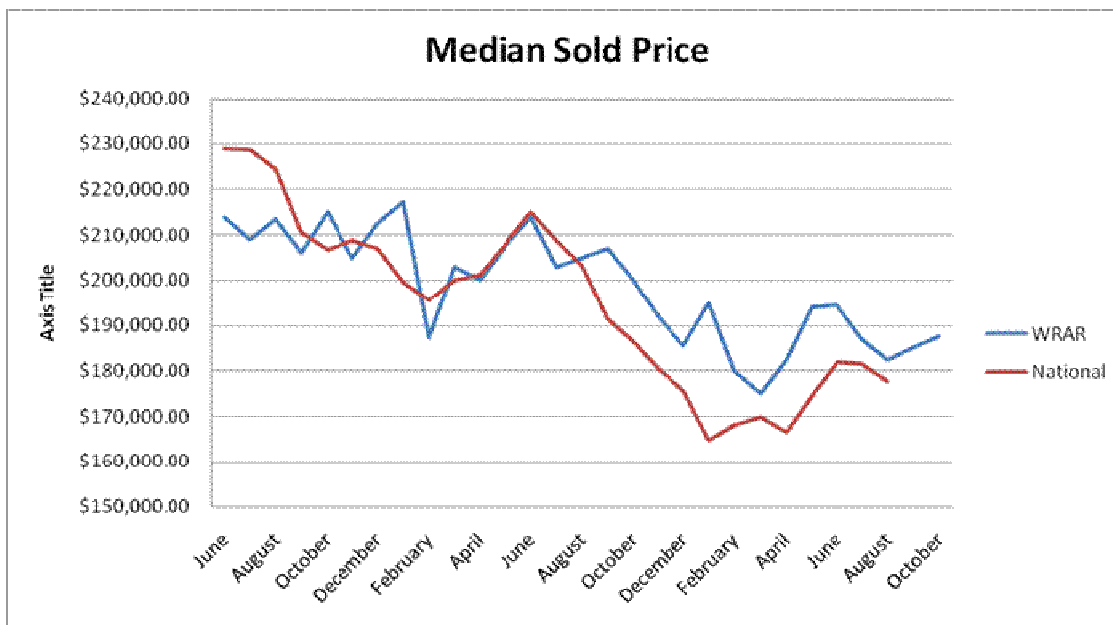
2008 year end average sale price \$256,498

October 2009 – average year to date sold price of \$236,461 is down **7.8%** from year end 2008. We have two months left to get our average back above 2008 levels.



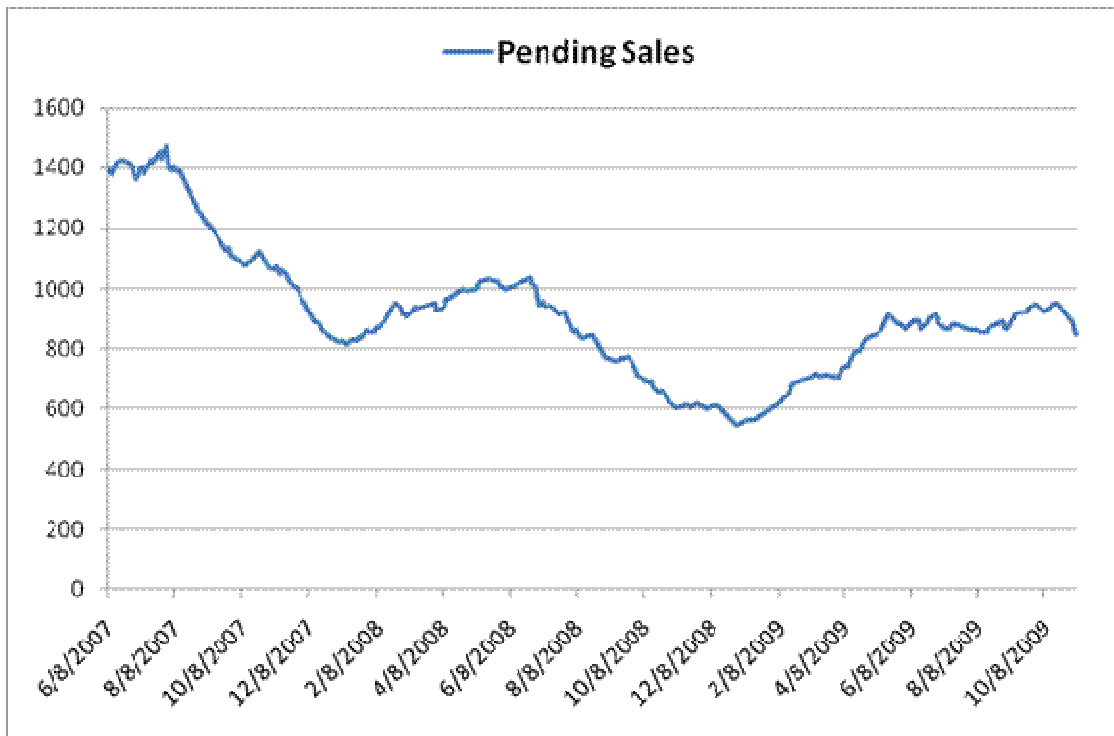
Median Sold Price

Our Median sold price is up **1.4%** from last month, about \$187,500. Our year to date median is down **8.3%** from same year to date in 2008. In our current rolling 12 month (Nov 08 to Oct 09) the median is \$187,000 down by **8.8%**. 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 uptick will continue into the winter.



Pending

Pending Sales – A sale is listed as pending when the contract has been signed but the transaction has not yet closed. Sales are typically finalized within one to two months from signing. I look at the total pending units on a regular basis and this is how they chart out. We have seen a steady rise in pending units over the last 9 months. As our October and November sales take place, we have a decline until the extended tax credit catches back up. This number could drop after the first of November as a number of new construction sales and traditional sales are scheduled to close prior to November 30th to meet the Current Tax Credit deadline. We will probably continue to see this decline a little until the spring when sales pick up again.



Market Absorption rate – The number of homes sold in October, 441 divided by the current listing inventory, 5,296 gives us a **12.0** month supply of single family homes (we had a 1.4 month decrease from last month). The increase in sales units for October 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 \$253,651 and the average sold price is \$238,219 for October which gives us a **93.9%** list to sold price ratio – a increase of .4% from last month. We have now managed to stay under 95% for a year.

Seller Concessions – We had **24.9%** of sold properties report a sales concession for October, an increase of **6.4%**. I think we saw a lot of concessions as people were anxious to sell to buyers trying to meet the tax credit deadline. We want this number to go lower. The average concession for the month was \$3,788.

Days on Market – The average days on market for the sold properties is now at **143** for October. That is almost 5 + months to keep a property on the market. Only **19.5%** of the properties were placed under contract in less than 15 days for the month of October, no real change from last month.

Carolina & Kure Beach

There are currently 485 single family homes for sale and this represents a 5 unit decrease over October 2009 and 9.2% of our total WRAR inventory. The average list price is \$450,783 a slight decrease of about \$10,000 from September. In October there were 33 homes sold, divide that by the homes available and you have a **14.6** monthly supply of homes in Carolina and Kure Beach (we just knocked another 3 months off). The average sold price for the month of October was \$253,529 and is down from last month. In October 2008 we had 16 home sales at an average \$330,594. When we look at our year to date we see that we are ahead in units by 26 and our average sold price has dipped from \$376,611 (first ten months of 2008) to a current \$299,532 a decrease of 20.5%.

This data was pulled on November 5, 2009, based on information from the Wilmington Regional Association of REALTORS Incorporated, for the period Jan. 1, 2005 through October 31, 2009.

The Market

30 Year Fixed Rate falls below 5 percent

Long-Term Rates Are Down This Week

Freddie Mac released the results of its Primary Mortgage Market Survey in which the 30-year fixed-rate mortgage (FRM) averaged 4.98 percent with an average 0.7 point for the week ending November 5, 2009, down from last week when it averaged 5.03 percent. Last year at this time, the 30-year FRM averaged 6.20 percent.

"Mortgage rates fell back this week pulling interest rates on 30-year fixed mortgages under 5 percent," said Frank Nothaft, Freddie Mac vice president and chief economist. "Lower mortgage rates should help homeowners lower their monthly payments and feed the ongoing recovery in the housing market." For instance, the [Federal Housing Finance Agency](#) reported that Freddie Mac and Fannie Mae have financed more than 3.5 million refinance loans during the first nine months of 2009. Freddie Mac estimates that borrowers who refinanced their conventional loan during the third quarter reduced their interest rate by a median of 1.1 percentage points, which will save these borrowers an aggregate of \$3 billion in mortgage payments over the next 12 months.

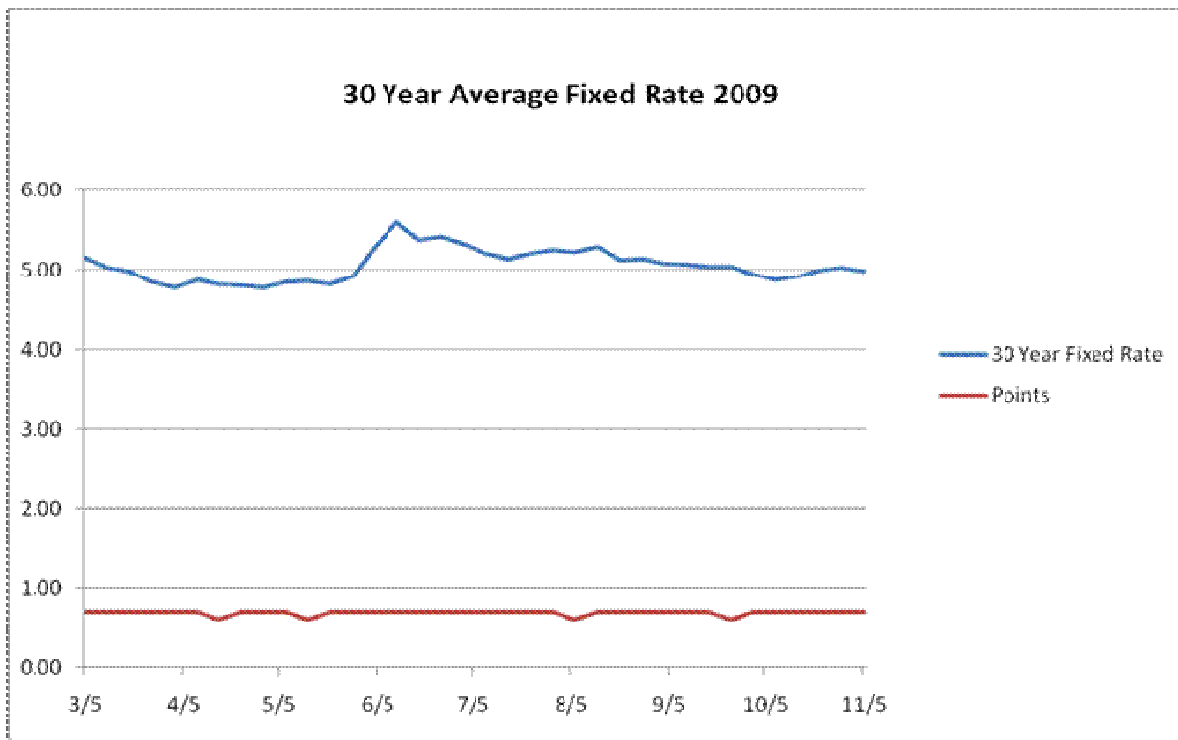
"Further, pending sales for existing homes rose for the eighth straight month in September to the strongest pace since December 2006, while spending on private residential construction jumped 3.9 percent and represented the largest gain since July 2003. In the third quarter of this year, residential fixed investment added almost a full percentage point to economic growth."

Freddie Mac

30 Year Fixed Rates

This chart represents the average 30 year fixed rate mortgages and the path they have taken this year.

On Thursday the House of Representatives passed the extension of the homebuyer tax credit, it is anticipated that by Friday 11/6/09 it will be on the President's desk for his signature. Listen to the news today and over the weekend. There are several aspects to this extension, First Time home buyer tax credit till April 30, 2010 with a contract set to close by June 30, 2010. An opportunity to previous home owners who have lived in their home for the last 5 years out of 8 to be able to get a tax credit when they purchase. I am sure that once the President signs this bill we will all see the details and be able to tell our sellers and buyers what opportunities they have.



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. 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.

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