

September 2009 MLS Report

David's Comments

Our market is ready and Kenny Loggins could not have said it any better in his hit song – *This is it*

*“Stand up and fight
This is it
Make no mistake where you are
This is it
Your back's to the corner
This is it
Don't be a fool anymore
This is it
The waiting is over
No room to run
No way to hide
No time for wondering why
It's here
The moment is now”*

Yee Haw! September was the pop we have been waiting for with a **1.8%** gain in units **and a 12.5% gain in average sales price**. Looks like the last time that the current month exceeded the same month from a year ago we have to go back to September 2005 where it exceeded September 2004 in sold units. We have now have had two months with consecutive average sold price gains.

First Time Homebuyers have about 1 and half months to close on a home to be able to claim the \$8,000 tax credit. Although there is conversation to extend the First Time Homebuyers Tax Credit it has not been done yet. Now is the time to buy **“This is it”** they have less than 50 days. What do we have to offer them? A large housing inventory – just 226 units less than our peak month of March 2009; Mortgage rates averaged 4.875% with a .70% origination fee ending week of 10/8/09; Sellers with homes on the market for average of 137 days; 18% of sellers paying closing costs; Average selling price down 18% from last year this time; and **\$8,000 Tax Credit** to those that qualify – Now is the best time to be buying.

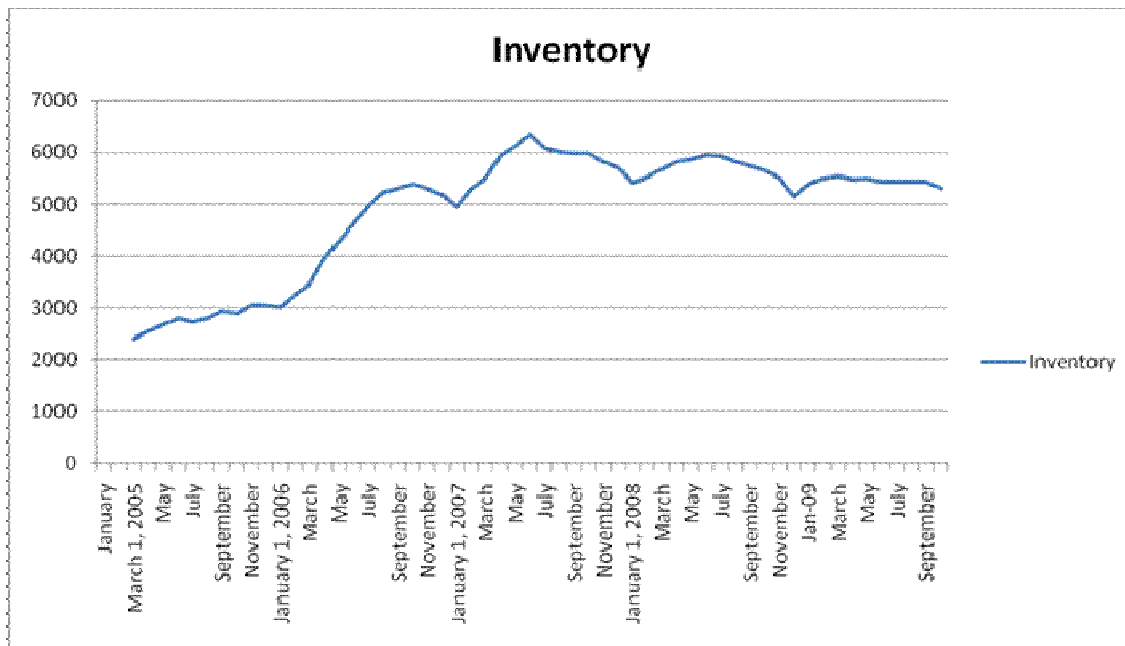
In the month of September we saw a decrease of 123 homes in our listing inventory, we have 5,313 homes on the market; this continues to put us in a strong buyer's market with a listing inventory of over a 13.4 month supply. Our listing inventory has remained in the 5,300 to 5,500 unit range for the last ten months. Our average list price has dropped to \$393,620. We are also seeing our lowest level of seller concessions at 18.5% of September sold homes. These factors hurt our market - Our average days on the market has stayed in the 130's which is typical for a buyer's market, it decreased about 2 days from last month. The list to sold ratio is 93.5% down 1% 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 16.5% of September sold homes. On a rolling 12

month our sold units are down by 21.6%. Our average list price has remained in the low \$400,000 range for almost a year; we have to go back to April 2005 to find an average list price below \$400,000, for September 09 it was \$393,620

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.

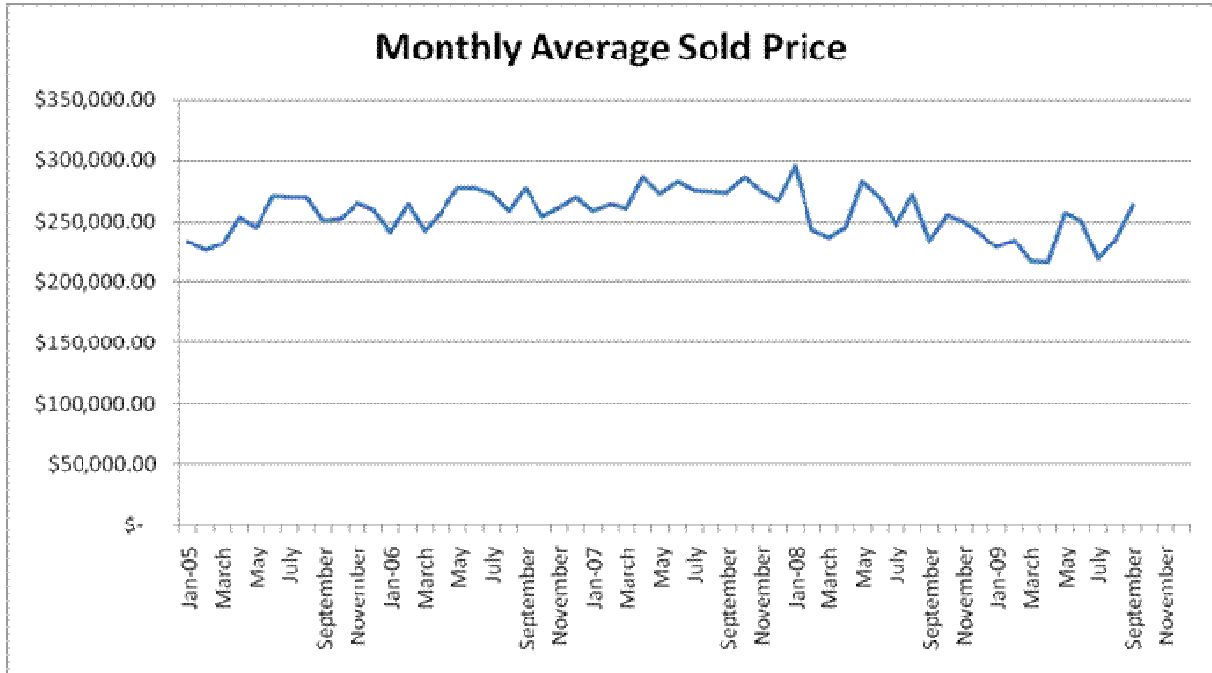
Listing Inventory

In September we saw our first big decrease in listing inventory, over 123 less than last month. We are about 428 units down from Sept 1, 2008. We have 5,313 single family homes for sale in our MLS. The average list price of \$393,620 is down by \$8,041 from last month. The average list price has decreased by 5.7% (about \$23,688) from July 2009 our peak month for 2009.



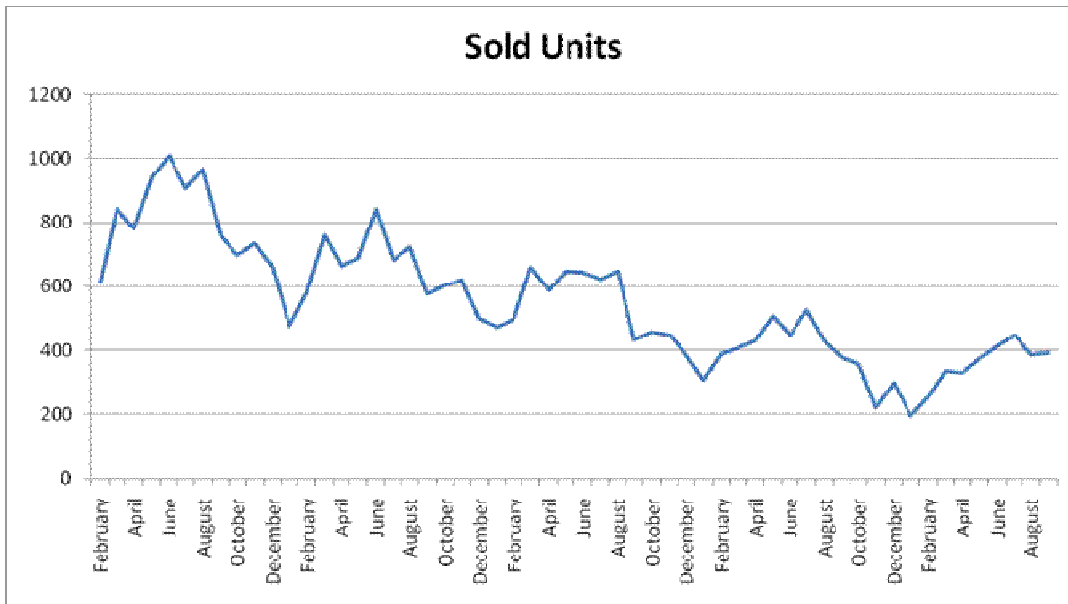
Monthly Average Sold Price

Our monthly average sold price is up by **1.8%** from last month and up **12.4%** from September 2008. We have a \$29,229 gain over last month. September average sold price (\$263,425) shows a increase of just **2.7%** from year end 2008. Our year-end (01/01/08 – 12/31/08) average sold price is \$256,498. In our rolling 12 months – October 2008 to September 2009 our average sold price is down by **9.0%** over this same timetable a year ago. No doubt in my mind the First Time Homebuyers Tax Credit has contributed to this increase in sales and I would anticipate it to continue over the next two months as we approach the current deadline of December 1st.



Monthly Sold Units

The number of sold homes is up **1.8%** from last month and up **4.5%** from September 2008. September saw a increase of 17 sold homes over September 2008. This is our first 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 **21.6%**. The last time we were really over 400 units was August 2008. You can notice that all of our big dips seem to occur on or about December.



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

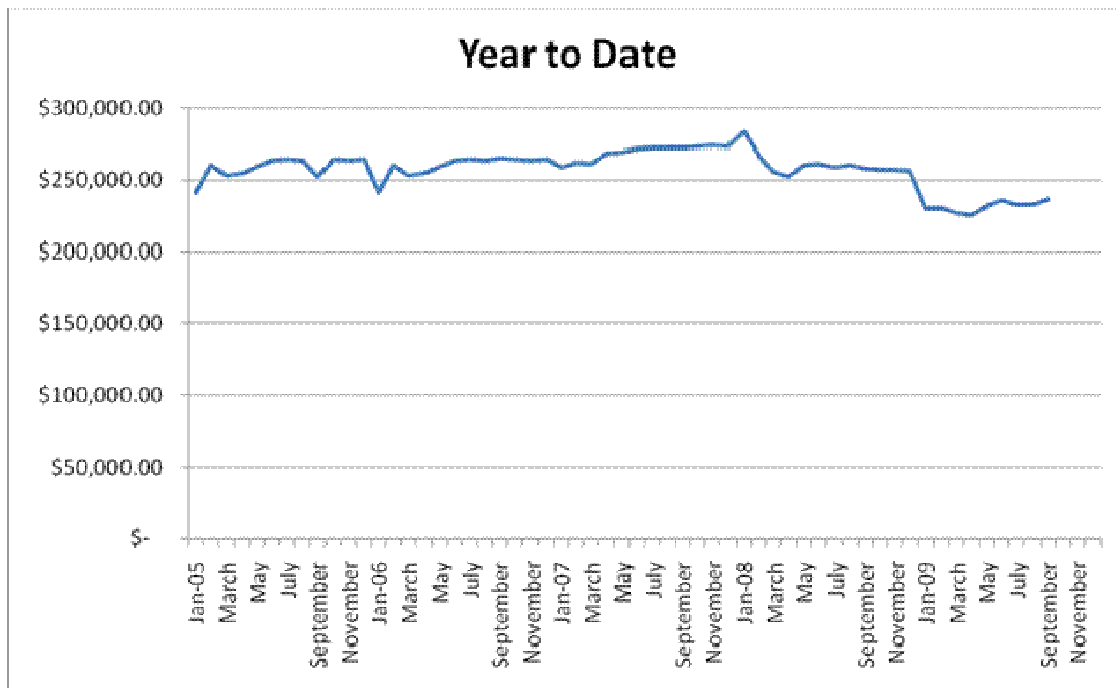
2005 year end average sale price \$ 254,080

2006 year end average sale price \$ 264,498

2007 year end average sale price \$ 273,408

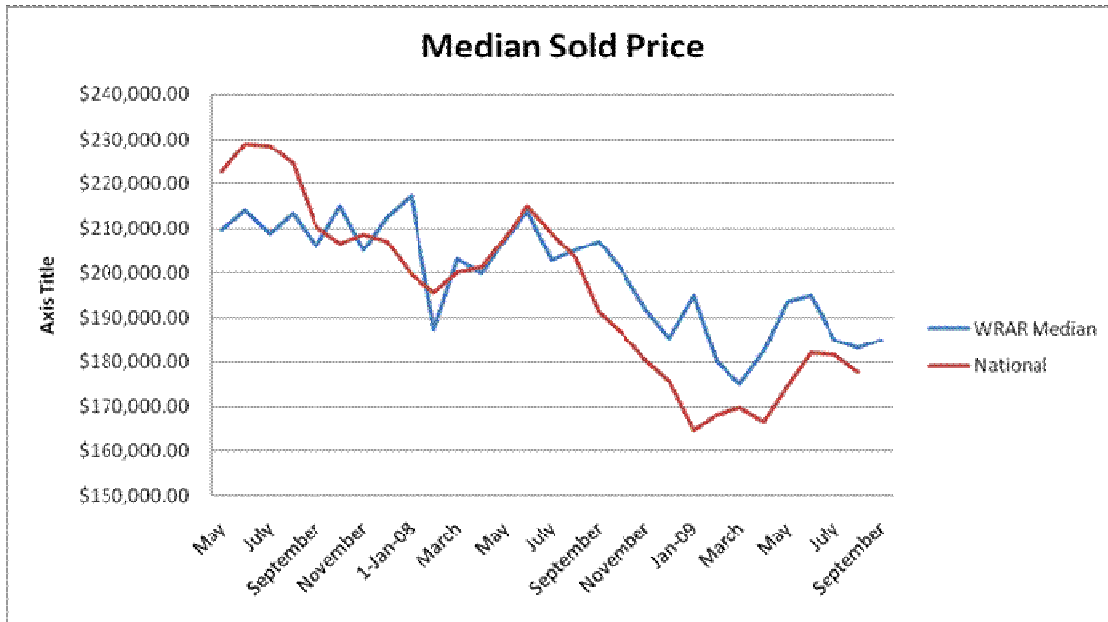
2008 year end average sale price \$256,498

September 2009 – average year to date sold price of \$236,434 is down **7.8%** from year end 2008. We have three months left to get our average back above 2008 levels.



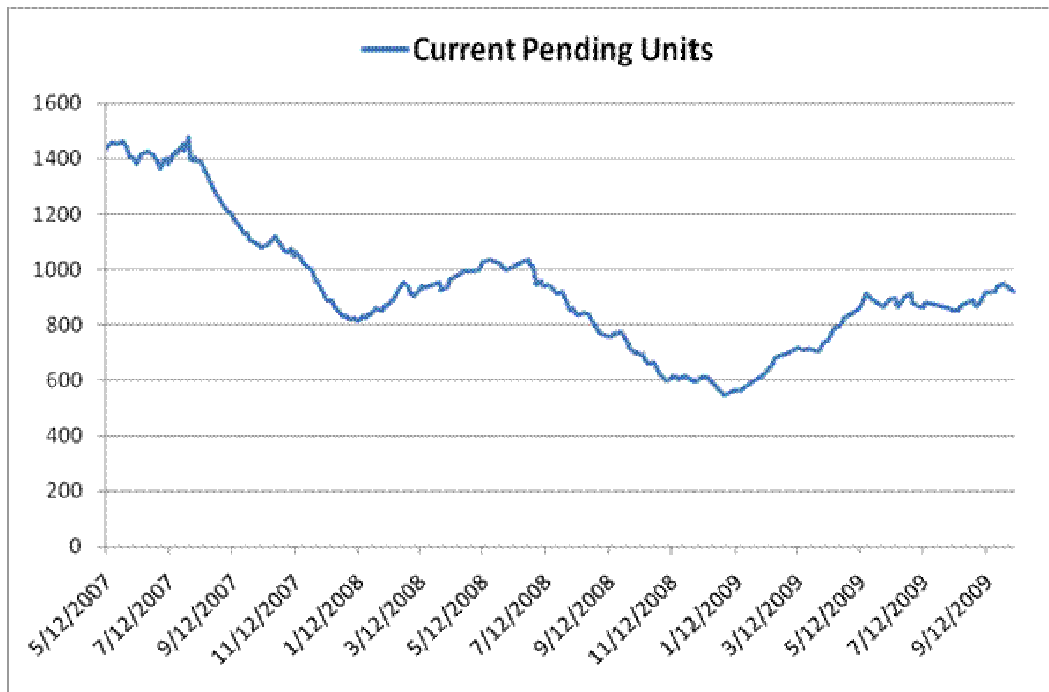
Median Sold Price

Our Median sold price is up **1.1%** from last month, about \$185,000. Our year to date median is down **9.1%** from same year to date in 2008. In our current rolling 12 month (Oct 08 to Sept 09) the median is \$188,000 down by **8.3%**. 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. 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.



Market Absorption rate – The number of homes sold in September, 394 divided by the current listing inventory, 5,313 gives us a **13.4** month supply of single family homes (we had a 1.0 month decrease from last month). The increase in sales units for September 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 \$281,741 and the average sold price is \$263,425 for September which gives us a **93.5%** list to sold price ratio – a decrease of 1% from last month. We have now managed to stay under 95% for a year.

Seller Concessions – We had **18.5%** of sold properties report a sales concession for August, an decrease of **3.3%**. I hope with this number so low we are seeing the bottom of seller paid concessions. We want this number to go lower. The average concession for the month was \$3,773.

Days on Market – The average days on market for the sold properties is now at **135** for September. That is almost 5 months to keep a property on the market. Only **16.5%** of the properties were placed under contract in less than 15 days for the month of September, no real change from last month.

Carolina & Kure Beach

There are currently 490 single family homes for sale and this represents a 63 unit decrease over September 2009 and 9.2% of our total WRAR inventory. The average list price is \$460,789 a slight decrease over last month of \$1,816. In September there were 28 homes sold, divide that by the homes available and you have a **17.5** monthly supply of homes in Carolina and Kure Beach (we just knocked 10 months off). The average sold price for the month of September was \$299,411 and is up from last month. In September 2008 we had 21 home sales at an average \$396,517. When we look at our year to date we see that we are ahead in units by 9 and our average sold price has dipped from \$380,330 (first nine months of 2008) to a current \$306,865 a decrease of 19.3%.

This data was pulled on October 10, 2009, based on information from the Wilmington Regional Association of REALTORS Incorporated, for the period Jan. 1, 2005 through September 30, 2009.

The Market

Long term mortgage rates ease further this week – Short term rates mixed

Freddie Mac released the results of its Primary Mortgage Market Survey in which the 30-year fixed-rate mortgage (FRM) averaged 4.87 percent with an average 0.7 point for the week ending October 8, 2009, down from last week when it averaged 4.94 percent. Last year at this time, the 30-year FRM averaged 5.94 percent. The last time the 30-year FRM was lower was the week ending May 21, 2009, when it averaged 4.82 percent.

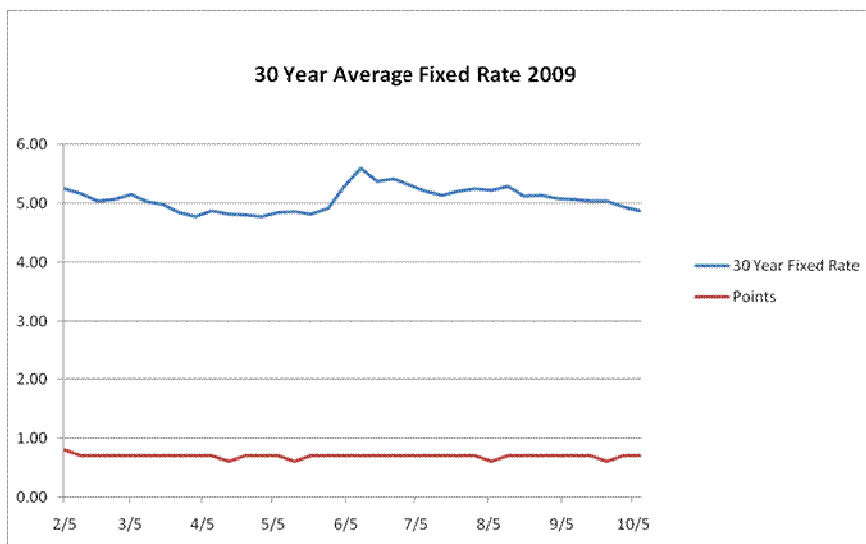
"Long-term mortgage rates eased further this week," said Frank Nothaft, Freddie Mac vice president and chief economist. "Interest rates for 30-year fixed-rate loans were the lowest since mid-May; 15-year FRMs were at a record low since data were first collected in 1991 and 5-year ARMs also hit an all-time record starting in 2005. Compared to a year ago, consumers could shave almost \$134 off their monthly mortgage payments on a 30-year fixed-rate loan for \$200,000 by refinancing.

"Such low rates are spurring mortgage demand. Mortgage applications surged to a 19-week high over the week ending on October 2nd, according to the [Mortgage Bankers Association](#). Moreover, applications for home purchases were at the strongest pace since the beginning of this year."

Freddie Mac

30 Year Fixed Rate Mortgages

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 first quarter 2010. 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. "Federal Reserve Chairman Ben Bernake spoke on Capitol Hill last week and said that the low interest rate environment will likely be needed for a while. However, he went on to say that as the economy heals, the Fed will hike rates quickly to ward off inflation. This is exactly what we have been concerned about. While inflation is not an immediate issue, it will become a problem down the road. And the ending will not be pretty for rates. There is no doubt that rates are going higher, and clients are simply foolish to not take advantage of the current environment, as it is highly unlikely that rates will ever be lower or even potentially equal to where prices have been over the past week." Barry Habib. 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.

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