

February 2009

"Perhaps the most valuable result of all education is the ability to make yourself do the thing you have to do, when it ought to be done, whether you like it or not."

Thomas Huxley

1825-1895, Biologist and Educator

New president, New Year, same market conditions. So, what is happening? Well it is too early to break down the numbers so let's look at what has been selling from 2006-2008 and compare that to how we look today and what is in escrow and how the market looks overall.

As of this writing in the areas that I cover in this newsletter there are 886 homes for sale and there are 206 homes in escrow. That means that just under a quarter of the homes for sale have offers on them. For other areas that I do not regularly cover just drop me an email at david@dmorris.com and I will do a special report for you.

If we listen to the news most people have been given the impression that nothing is selling. The facts are that homes are selling and offers are being made and homes are going into escrow. No, I am not going to make some grand statement that all is well but homes are selling. We clearly have a lot of work ahead of us and I am not going to kid anyone. We are in a pretty serious situation here. At this point a negative outlook only reinforces more of the same, so I would like you all to look towards the positive, towards the 206 homes that are now in escrow in the first weeks of the New Year. We have a long way to go but to have this many homes with offers this early in the year is really great news. I look forward to better numbers in the future, one week at a time.



So what sold in '06, '07, and '08 and how much was the overall average change?

2006	1,210 sales averaging	\$560,076 and 107 days on the market.
2007	1,115 sales averaging	\$534,794 and 132 days on the market.
2008	1,109 sales averaging	\$423,886 and 144 days on the market.
2009	206 pending sales	\$410,507 and 147+ days on the market.
2009	886 active homes	\$659,354 and 156+ days on the market.

That makes for a decline from 2006 to 2008 of -24% for the average sales.
That also makes for a -3% decline for the average pending sale today over the average closed sales for 2008.

2009 Homes for sale today by price point and number of homes:

<\$414,999	\$415,000-\$999,999	\$1 mill+
388/\$281,266	349/\$653,933	149/\$1,656,602

% of homes under contract in each price group and average price in escrow today:

38%/\$260,000	15%/\$574,086	8%/\$1,430,740
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Difference in value by %:

-8%	-12%	-14%
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My forecast for the first quarter of 2009? Very soft sales and a continued drop in overall values from January through March. For the second quarter I am expecting an up tick in sales (I am taking a risk here but my belief is that buyers want an excuse to get off of the fence) as a result of the new stimulus package. Currently I am projecting sales to be about 23%-26% of inventory in the first quarter and I am looking for an improvement in the second quarter to 27%-31% of the homes selling. Adverse reaction to the stimulus bill will keep the numbers under 25%.

As a result I still expect values to drop in the first half of the year and as of this writing I do not expect to see values stabilize in 2009. My greatest hope is that the decline will drop to low single digits by the years end. My forecast is that we will not see an overall stabilization in the markets before mid 2010 but we could expect to see the value drops become very small and in some areas stable and in a very few areas move upwards a tick or two.

Kind regards,



David Morris