

# 2010 SALE SUMMARY UPDATE

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## STONE HARBOR AND AVALON REAL ESTATE MARKET UPDATE....

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### REAL ESTATE MARKET EXPECTATIONS AS WE MOVE FORWARD...

**EXPECTATIONS for 2011:** Consumer confidence slowly continues to grow with some positive economic signs, although real sales hit a thirteen year low in 2010. Kevin C. Gillen, Ph.D and Research Fellow with the University of Pennsylvania states "even though credit may be tighter than it was during the boom years of mid-decade, the data indicate that credit is readily available for qualified buyers...When you combine this with the current high levels of inventory, there is now a selection of homes to choose from that have more variety and are more affordable than ever before."

Larry Flick, IV, Chairman and Chief Executive Officer from Prudential Fox & Roach Realtors and The Trident Group, comments on BUYERS vs. SELLER'S MARKET. Larry states, "We all know it's a buyer's market: a great selection of houses, lower yet stable prices, more realistic sellers, and generationally low interest rates. But what about sellers – can they achieve their goals, or is success just not possible in today's market? It has been a long four years since the end of the real estate boom...Many sellers continue to hold off, waiting until the market "improves," making and postponing plans even though their current situation is uncomfortable. It doesn't have to be this way. In an ideal world, everyone would sell in a seller's market and buy in a buyer's market. But in reality, those two conditions don't co-exist. So how can a seller find opportunity in a buyer's market? Consider this: selling and then buying a home in a buyer's market generally nets positive results. How is that possible? The answer is that even if we lose some value when selling our house now, we save when we buy a new home at a price lower than if we had bought at the peak of the market. This is especially true when we trade up to a more expensive property. And when we consider today's exceptionally low mortgage interest rates, the potential savings soar because we save significant dollars every throughout the life of the loan."

**BUYERS and SELLERS:** Astute buyers are coming into the market because they are aware that even if there is a slight drop in property values in 2011, with the exceptional mortgage rates currently at 30 to 40 year lows great mortgage rates are readily available to qualified buyers. With the possibility that as we move through 2011 mortgage interest rates could begin to creep upward, buyers will benefit in the long run with a lower mortgage rate purchasing NOW. See Tim Roach's article on page 11, with mortgage market update.

For sellers it is important to realize all indications are that it could be at least three years before there is any upward movement in property values and when upward movement begins it could be an additional 3 to 7 years to get close to 2005 values. If you have a reason to sell whether to buy another property or use the proceeds of the sale, the longer you wait in this economic downturn the longer you will be waiting to accomplish your goals.

**GOOD NEWS...** The people who own in Stone Harbor and Avalon believe in the value of property. A large percentage of the current buyers for vacation homes and investment properties in Stone Harbor and Avalon are people who already own here. This was also true of the slow period in the early 1990's. The people who own here believe in the island and that real estate values will eventually go up again in the future. This says volumes about our market, and should indicate to those considering buying that this is a great time to get into the market now rather than wait. There is no more dependable vacation home market along the East Coast than Avalon and Stone Harbor. If you are considering buying in Avalon and Stone Harbor, move forward in 2011. From 1997 through 2005 many buyers looked at purchasing a vacation home mostly as a good business investment, but going back *over the past 50 to 60 years families who made the decision to buy a vacation home in Stone Harbor and Avalon made the purchase because the most important aspect of owning a vacation*

*home was it added to their quality of family life and gave their family a special place to create memories each summer.* When you purchase a vacation home in Stone Harbor and Avalon, and you own it for ten to 15 years it will become a good investment, but more importantly it is for families to come together and create lasting memories.

### SINGLE FAMILY HOMES SOLD OVER THE PAST SEVEN YEARS

(closed in calendar year)

	Stone Harbor	Avalon
2010	40	88
2009	40	85
2008	44	100
2007	60	97
2006	43	106
2005	80	160
2004	97	216
2003	101	175
2002	85	185



### CURRENT SINGLE FAMILY SALE LISTINGS

There are 108 single family homes currently (2-3-2011) **FOR SALE** in Stone Harbor and 178 in Avalon. The number of units **FOR SALE** has stayed fairly consistent for the past 24 months and has not demonstrated that it will increase drastically, which is a positive sign. This is in the range of a 32 month inventory of single family home listings in Stone Harbor and a 24 month inventory in Avalon, based upon 2010 closed sales of single family homes. The days on market of 360 in SH and 327 in Avalon is higher for the units **FOR SALE** than those that **SOLD**, 219 days in SH and 320 in Avalon for 2010, demonstrating that if sellers truly want to sell their property in 2011, many will need to make a sale listing price adjustment to entice buyers.

From 2002 through 2005, there were 80 to 101 single family home closed sales per year in Stone Harbor and 160 to 216 in Avalon. There were anywhere from 25 to 40 single family homes on the market during any given week in Stone Harbor and 50 to 70 homes on the market in Avalon. This was a 3 to 5 month inventory during those years, compared to the current 32 month (SH) and 24 month (A) sale listing inventory.

### CURRENT CONDOMINIUM SALE LISTINGS

There are 112 condominium units currently (2-3-2011) **FOR SALE** in Avalon and 63 in Stone Harbor. The number of units **FOR SALE** has stayed fairly consistent for the past 24 months and has not demonstrated that it will increase drastically, which is a positive sign. This is in the range of a 21 month sale listing inventory in Avalon and 63 month sale listing inventory in Stone Harbor. The average days on market of condominiums currently for sale in Stone Harbor is 280 which is much higher than the average of 196 for properties that **SOLD** in 2010. This demonstrates that if sellers truly want to sell their property in 2011, many will need to make a sale listing price adjustment to entice buyers. In Avalon this discrepancy does not exist.

In 2010, in Avalon, 64 condominium units **SOLD** compared to 63 in 2009, while in Stone Harbor, 12 condominium units **SOLD** in 2010 compared to 19 in 2009. For buyers, there is a wonderful selection of condominiums to choose from in the current market. In Avalon, there is a greater variety of **NEW CONSTRUCTION** condominium and town house units whereas in Stone Harbor it is rare to see new condominium units built which is one reason why many more condominium units are **SOLD** in Avalon each year.

### MOST ACTIVE SELLING PERIOD

More properties tend to go under contract April through September than October through March. During the winter months with business, school and family activities there is less buyer activity. Because of this the winter time is a great time for buyers to make a move to purchase their vacation home. The month of December is normally the slowest month of the year for new sale activity with January being the second slowest month. If you are an owner and you want to sell in 2011, **NOW** is the time to list your property **FOR SALE** as we move through winter toward spring, so that we, **THE HUGH MERKLE TEAM**, can get a head start on marketing and advertising your property for the early spring market if you want to sell in 2011. **THE HUGH MERKLE TEAM is ready to go to work for you!**

### MINDSET OF BUYERS IN CURRENT MARKET

Besides looking for specific locations within Stone Harbor or Avalon, buyers are looking for what they "perceive" to be an exceptional value. From 1995 to 2005 it was a **SELLER'S MARKET**. For the past four years it has turned into a **BUYER'S MARKET**. Serious buyers, even before contacting a Realtor, are checking not only what is for sale on the internet, they are doing their homework on what has **SOLD** as well. Today's serious buyers are very knowledgeable about what is a good value in the specific market they are looking to purchase in.

Also, in this current market there are fewer buyers who are tearing down older homes right away. Since construction loans are currently higher than standard mortgage rates and a higher down payment is required on lot purchases, many buyers are painting, carpeting, maybe a new kitchen, renovations, etc. rather than building new right away, with the goal of tearing down later. On moderate priced properties from \$700,000.00 to \$1,500,000.00, there is a greater possibility that older homes will not be taken down in the near future right after they are purchased.

**NOTE:** Because of the buyer's mindset, it can be very beneficial for a **SELLER** in the current market to spend some money on painting and carpet and some **PROFESSIONAL STAGING** to have the property they want to sell, be seen in the best possible light and be "perceived" as an excellent value by buyers. For beach block and bay front homes there is a greater possibility that an older home will be a "tear down" because of the tremendous value of the land.

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