

Pending Homes Sales Are Bright Spot for Local Real Estate Market

According to Frank Hughes, President of the Williamsburg Area Association of Realtors®, during April and May the local real estate market has not shown much change as compared to the 1st Quarter of 2009, but some positive indicators may be on the horizon. When comparing April and May home sales with the same months in 2008 a downward trend of 28% is noted versus the 1st Quarter sales which were down 30%. Overall pricing is down about 7% this April and May as compared to last year. The largest pricing changes can be found in condos and townhomes which are down by about 17%. This is triple the decrease in pricing that is occurring with single family detached homes.

However, pending sales are strong. “The best way to determine a trend is to look at pending sales,” Hughes says. “These are contracts that have been agreed to by both parties but have not yet proceeded to settlement. If all goes well they will close in the next four to six weeks and this is where we see the first positive signs in this market. Pending sales are down only 5% when compared to April and May of last year. If that trend continues for the next three to four months then I think we’ll begin to start seeing some stabilization in the market.”

Currently properties under \$350,000 are still selling, particularly if priced under \$300,000. According to Hughes, the \$8,000 “First Time Home Buyers Credit” has had a substantial impact on the \$300,000 and under market. By definition, you may not have owned a home in the last three years to qualify and the gross income for an individual cannot exceed \$75,000 (filing jointly can be up to \$150,000). But if you have an income up to \$90,000 as an individual or \$170,000 with a joint return, you are still qualified to receive a portion of that credit. Additionally, you must remain in the home for three years, otherwise you may have to pay back the amount of the tax credit. Since charges are nominal for paperwork and processing, the “First Time Home Buyers Credit” is a great advantage.

Hughes sees price and sales contractions for probably the next five to eight months, and is hopeful that pending sales are an indicator of better things to come. The Williamsburg Area Association of Realtors® will be keeping a very close eye on pending sales. 1st Quarter statistics are posted on the WAAR website www.waarealtor.com. and 2nd Quarter statistics will be posted by the end of July. Any questions can be directed to your local Realtor® or the Association office at 757-253-0028.

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