



Sargeant Appraisal Service Rutland County Newsletter

May 2010

Spring 2010

In This Issue

- Rutland County Market Dynamics
- Killington Market Dynamics
- Sales Volume, the Percent of Home Purchases in Vacation Use & Median Prices
- Rutland County Foreclosures

Contact Us

www.sargeantappraisal.com
sean@sargeantappraisal.com
(802) 775-5916

Welcome

Our newsletter is published 4 times a year, once at the end of each season. We distribute this newsletter to real estate professionals, mortgage lenders, attorneys, financial planners and other individuals who serve the needs of home owners and home buyers in Rutland County, VT.

The purpose of our newsletter is:

1. To inform you of general changes we see that may affect property values in the Rutland County Real Estate market.
2. To keep you up to date on changes in the Appraisal industry that can affect your relationships with your Appraisal vendors.
3. To let you know about upcoming educational opportunities for lenders and other users of valuation services.

If you would like to comment on our newsletter, subscribe by email, unsubscribe or add someone to our distribution who would benefit from this information please send an e.mail to sean@sargeantappraisal.com or give us a call at (802) 775-5916.

The latest version of this newsletter is always available on our web site, www.SargeantAppraisal.com. Click on the [Newsletter](#) button in the upper right corner.

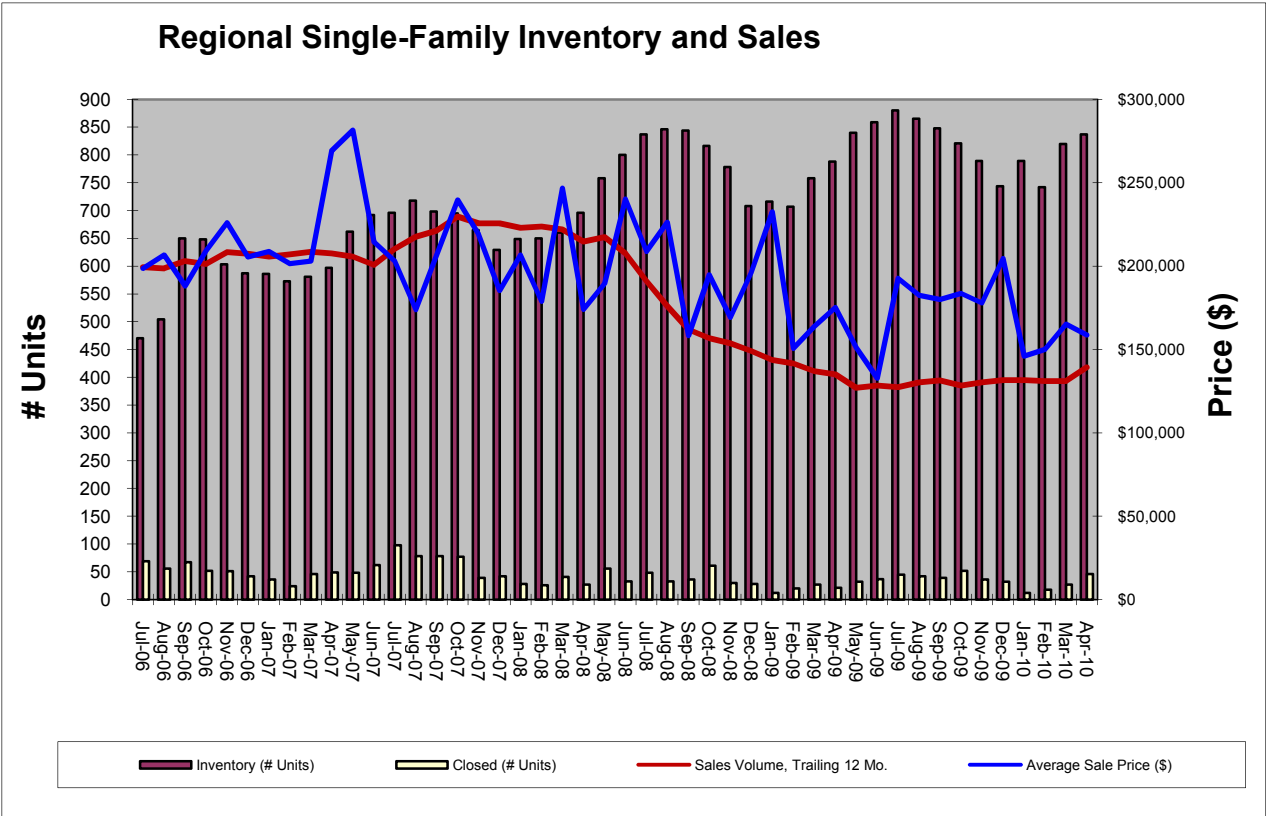
In addition, past issues of the newsletter are stored under the [Blog](#) button.

Rutland County Market Dynamics

Rutland County metrics specifically exclude Killington data which is treated separately in our analysis because, in general, the pool of buyers in Killington is very different than the pool of buyers in the rest of the County.

Single-Family Data:

The sales volume decline in the Rutland County residential housing market appears to have bottomed in the early summer of 2009. The inventory of single-family homes for sale in April 2010 was, typical of the spring months, above the winter inventory levels at 837 units. This is down from the recent peak of 880 units offered for sale in July 2009, but year on year, up 13% from the inventory level of 738 units in April of 2009. Overall this represents a 29 month housing supply at the rolling six-month average sales rate; below the 34 month supply one year ago; and the 36 month peak inventory in May 2009. However, we are projecting listing inventory to be at the highest level ever. While the 12-month sales volume is trending up, we could see historically high absorption times over the summer. This market dynamic will be determined by the affect of the end of the first time buyer’s tax credit on the single-family sales rate.



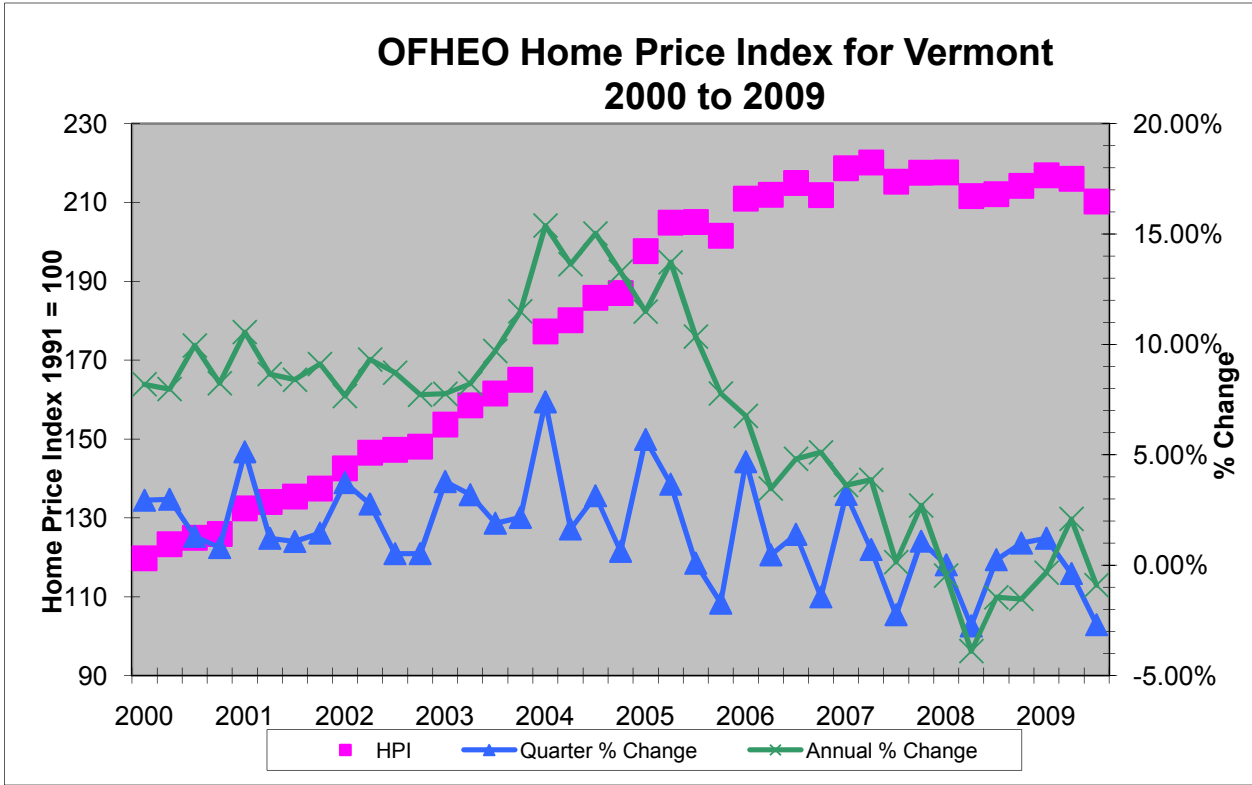
The 'buyers market' dynamics, with differing effects through each price range, appear poised to continue throughout 2010. But, these trends respond to many external stimuli such as interest rates, employment, and consumer confidence.

The good news is a sales volume bottom over the summer of 2009 has held, and trailing-12-month-sales-volume is now growing. With the increase in first time buyers taking advantage of the tax credit, metrics are improving in the under \$200,000 price range. But, with inventory projected to grow it will take a dramatic increase in sales volume before the overall market dynamics are affected.

Everyone wants to know what is happening with prices. Our analysis is highly specific to the property type and current active listings, but does break down initially by price range.

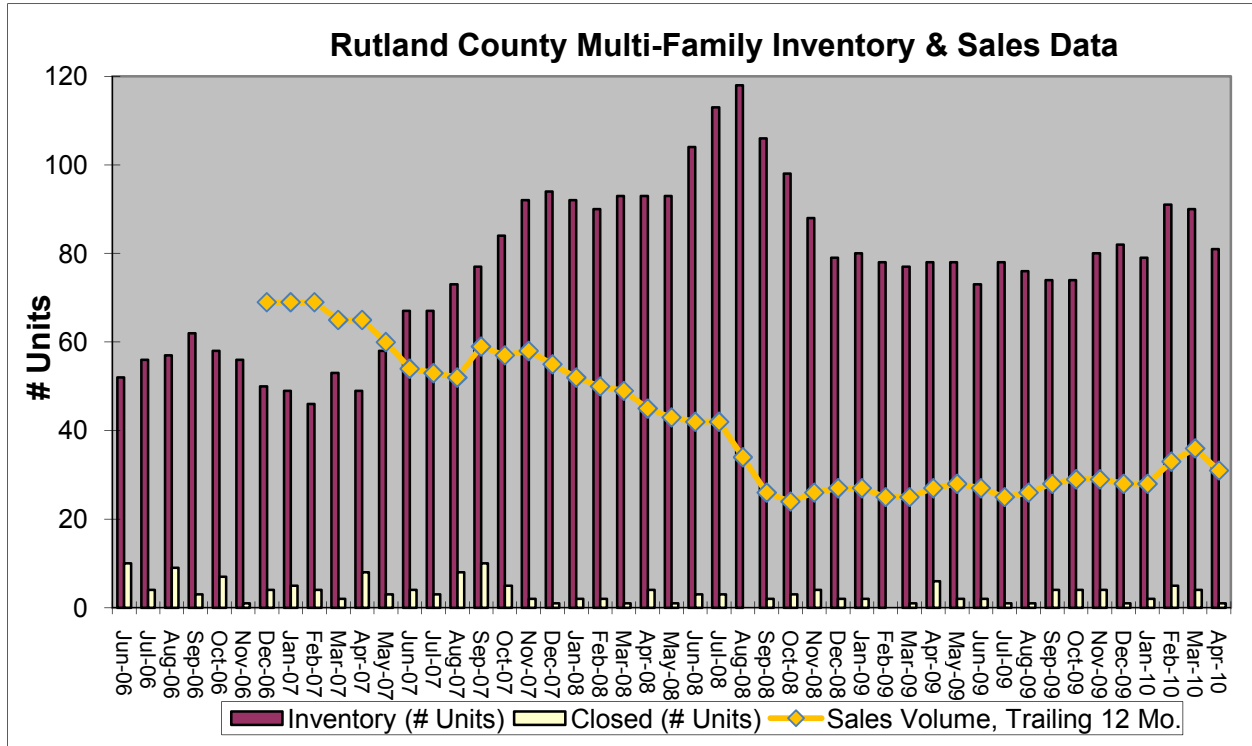
Initial Asking Price (\$k)	Current Period				7-12 Months Ago			
	Median Asking Price (\$k)	Median Closing Price (\$k)	Median Reduction in Asking Price (%)	Median Days on Market	Median Asking Price (\$k)	Median Closing Price (\$k)	Median Reduction in Asking Price (%)	Median Days on Market
below 200	147	130	-7	86	150	130	-9	78
200 to 500	250	225	-14	194	275	235	-12	142
over 500	738	508	-32	602	736	643	-18	260

On a *macro* level the OFHEO Home Price Index for Vermont has, quarter on quarter, been negative the last two quarters and is now nearly identical to its 2nd quarter 2006 level.



Multi-Family Data:

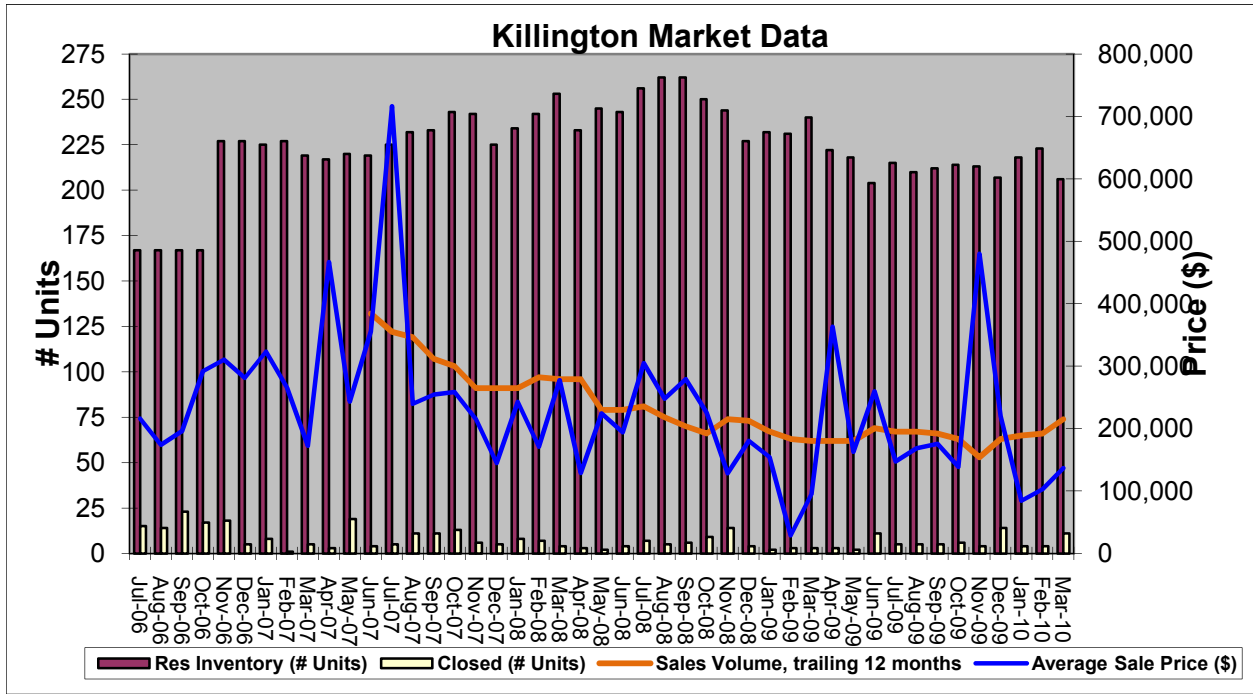
Inventory of two- to four-family listings no longer follows a seasonal pattern. With a trailing-12-month-sales-pace at 31 sales/year, there is now 2.6 years of inventory on the market.



The multi-family market continues to show two distinct markets based on the perceived quality of the investment. Well maintained properties that are fully leased and up to date on their permits, especially those with owner-occupant appeal, continue to sell at per unit prices indicative of values in 2005 to 2007. However, poorly maintained and vacant properties, most with conditional Certificates of Occupancy, are selling at per unit prices reminiscent of the late 1980's!

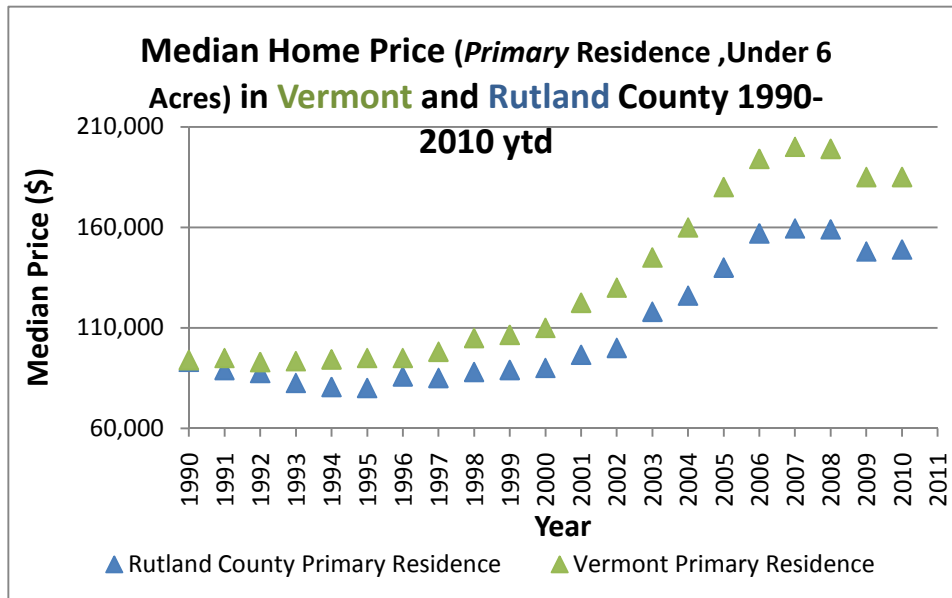
Killington Market Dynamics

The Killington market is still experiencing long marketing times and low sales volume. The average Killington property actively on the market for sale has been listed for 465 days. In addition, the average sale was on the market for 400 days. In November 2009 this market appears to have formed a bottom, and the 12-month-trailing-sales-pace is up, month over month, for the past 4 months. There is now a 29 month inventory in this market, which compares very favorably to the 41 month inventory this time one year ago.

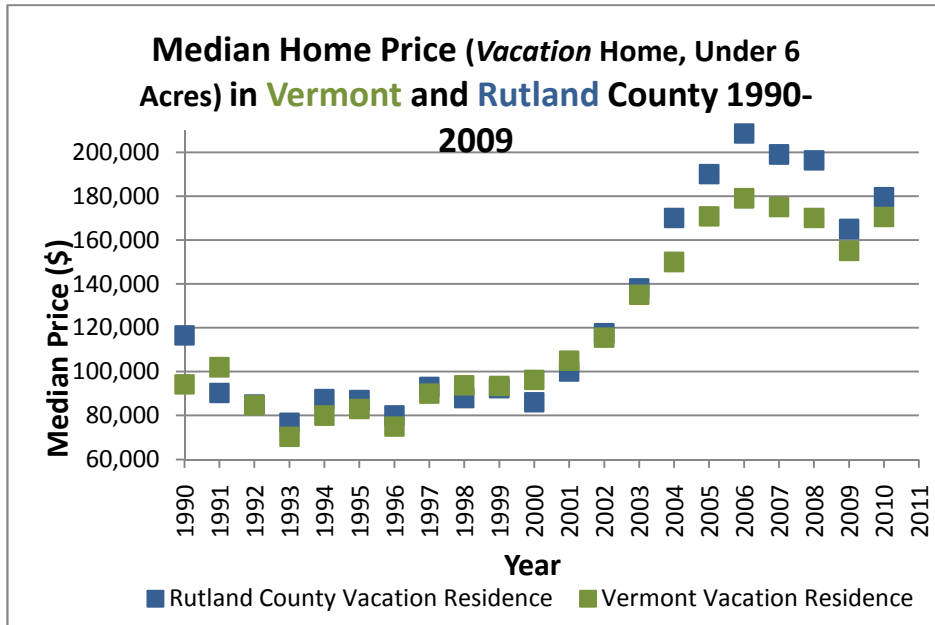


Sales Volume Trend & Percent of Sales in Vacation Use

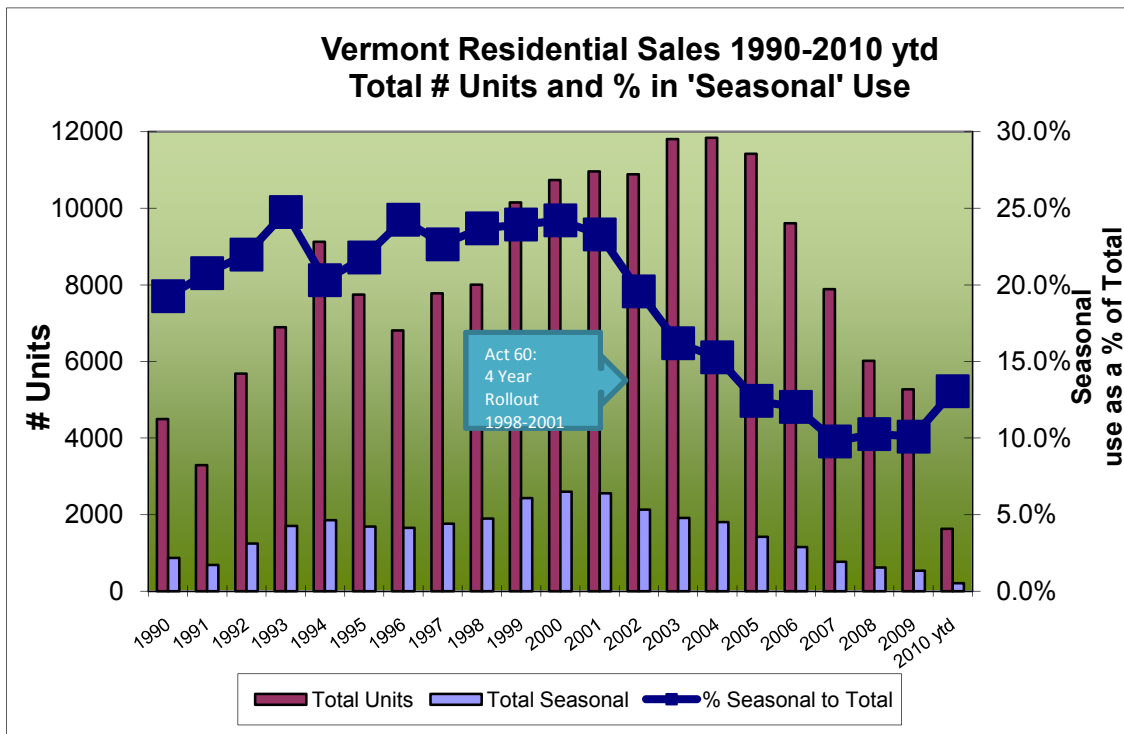
We continue to track sales volume and the percentage of home sales going into vacation, or second-home, use. In addition, we are tracking a new metric, *median sales price* of single-family homes and vacation homes in both Rutland County and statewide. In 1990, the median sale price of a primary residence in Rutland County was identical to the median figure in all of Vermont. Since that time the median price of a home sold in Rutland County has fallen behind the statewide figure by a larger and larger margin each year. This may be due to an underinvestment in Rutland County home maintenance, an accelerating lack of demand, or slow new home construction in the county relative to the rest of the state.

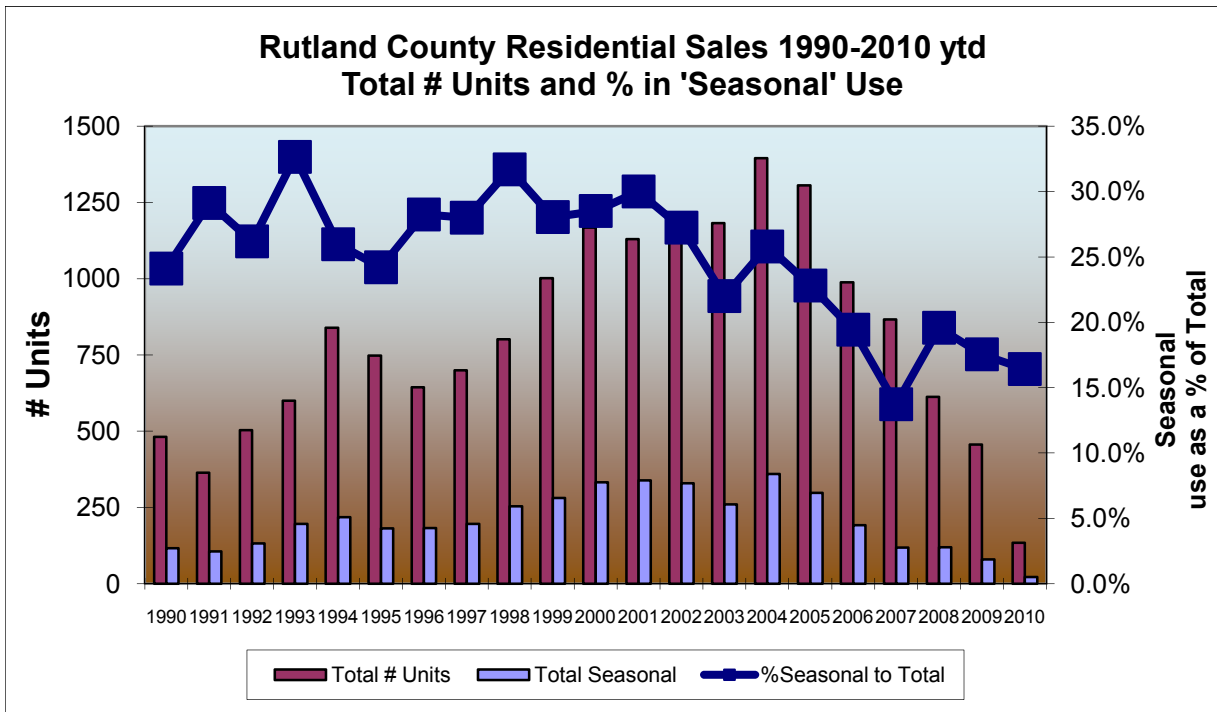


However, the same is not true of homes in vacation use. Since 2004 median vacation home prices in Rutland County lead the rest of the state, even though the median price of a vacation home has fallen almost \$40,000 over the past 5 years.



While the decline in total sales volume seems to be a function of the current economic conditions, we continue to ask for any suggestions concerning the cause of the decline in the percentage of sales going into second-home or vacation use. To date, we have only identified Act 60 as a possible contributor. Over the 12 years prior to 2001, the first year Act 60 was fully implemented, second home sales tracked between 20% and 25% of the total number of property transfers. Starting in 2002 and continuing until 2007, second homes sales, as a percentage of all property transfers, dropped, year on year, to between 9.7 and 10.3% of all sales.





Rutland County Foreclosures

In some well publicized markets, like Las Vegas and south Florida, foreclosures define the market; luckily the same cannot be said in Rutland. We are tracking an annualized Rutland County foreclosure metric; the trailing 12-months volume of foreclosure filings. After peaking in December 2008 we saw annualized filings drop throughout 2009 to rise again in the first 4 months of 2010. There are +/- 32,000 housing units in Rutland County. With an annualized rate of 250 foreclosure filings/year the percentage of homes in foreclosure is now 0.8%, or 1 out of every 129 homes.

