


 Ted Leland, REALTOR®

MARKET NEWS

THE START OF THE NEW YEAR

What a difference a year can make. After years of seeing housing prices climb rapidly the market has peaked and dropped off. As in every event there are questions about what it means. Some people greet this change with optimism and others with pessimism. If you are a home buyer it is good since the inventory of homes for sale is up to about 1,650 compare to 926 a year ago.

What are the facts?

Since the year 2000 real estate values in Thurston County have increased by \$58,500 from the median of \$145,200. That is an increase of 40.3 percent. In the third quarter of 2006 total sales of houses and condominiums dropped 12.7 percent compared with the third quarter of 2005. The sale of homes has slowed. Looking at the change in median prices shows that prices are down 1.2 percent. Part of the reason for the slow decline of prices is the reluctance of owners to take less than they want. This also slows the sales volume. Historically house values decline slowly. Local agents and planners think the local Thurston County slowdown will be temporary. Another suggested cause for the slowing market is a pendulum effect. When there were too few houses to meet demand builders jumped in and overbuilt creating an excess. Home inventory is 78% higher than last year. Also, a slight move in interest rates upward has had an effect.

Thurston County has been growing rapidly since 2001 and was ranked seventh out of thirty-nine Washington State counties in growth. Thurston County recorded median owner-occupied home value in the year 2005 of \$203,700, accounted by the American Community Survey. This is less than the State of Washington 2005 home value of \$227,700 and greater than median home value of \$167,500 across the United States during the same year. (source U.S. Census Bureau)

According to the data, there is a limited amount of affordable residential real estate in Thurston County, Washington. In 2005, only 13.5 percent of housing was valued under \$125,000.

Thurston County may be described as having a medium percentage of homes that are high in price. In 2005, the American Community Survey counted that 4.2 percent of the houses are valued over a half a million dollars.

It is important to remember that this average is across the entire country and that individual markets vary. There are areas where the median price went up (Seattle, Salt Lake, and Portland Oregon up by about 12 percent) and areas where the prices went down (Boston, San Diego, Detroit and others). Prices are up in about 70% of the metropolitan areas.

The real news is the change in volume not prices

The areas with the largest volume changes just happen to be those areas with the biggest growth numbers of the past few years (areas such as Nevada, Arizona, Florida, California and others). It is important to note that in many of these areas there was a big rise in the cost of real estate during the last five or six years and that much of that rise was due to investors (often called speculators). This type of buyer is more likely to panic during a downturn. The volume of home sales in the South Sound was down 16 percent in November and 15 percent in October compared to 2005. Though volume declined the median state price rose to over \$300,000 in the third quarter. In our area the median sales price fell from \$262,113 in July to \$262,113 in September. (statistics from OMLS) The change in volume of sales locally is attributed to the larger supply of houses.

It is also important to note that statistics are "processed" and from the same set of statistics it is often possible to reach different conclusions. "In the Boston area, prices have fallen about 10 to 15 percent since the middle of 2005, estimated Chobee Hoy, who owns a real estate brokerage firm in Brookline. [HYPERLINK "http://www.jjmanning.com/"](http://www.jjmanning.com/) \o "JJ Manning Auctioneers" Jerome J. Manning, who runs the Massachusetts-based auction company that conducted the Naples sale says that values had dropped about 20 percent around Boston. (The government, meanwhile, says the average price rose 1 percent from last summer to this summer. But here's all you need to know about how well the government tracks the Boston market: [HYPERLINK "http://www.ofheo.gov/HPI.asp"](http://www.ofheo.gov/HPI.asp) \o "Office of Federal Housing Enterprise Oversight" the index excludes any mortgage larger than \$417,000.)" From Economix December 6, 2006 an article written by David Leonhardt

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WINTERIZING YOUR HOME

Winter isn't over yet...here are some important tips for maintaining your home in cold weather. **Water.** Check visible water pipes and sewer lines for cracks, rusting and leaking; turn on faucets to test water pressure and volume; and look for clogged or sluggish drains or dripping faucets. Wrap your pipes with heating tape every winter and insulate unfinished rooms such as garages if they contain exposed pipes. Also check for signs of leaking or rusting on your water heater.

Heat. Check your heating system for gas leaks and cracks in the heat exchanger. Maintain your furnace, fireplace, boiler, water heater, space heater and wood-burning stove and have your heating system serviced every year. Clean and vacuum dust from vents, baseboard heaters and cold-air returns. **Gas.** Check smoke and fire alarms and carbon monoxide detectors and change your heating and air conditioning filters.

Exterior. Remove all debris from gutters. Inspect your roof for damaged or loose shingles; gaps in the flashing where the roofing and siding meet vents and flues; and damaged mortar around the chimney (especially at the joints, caps and washes). Inspect your home's exterior walls, looking for possible weather-related damage like cracks and loose or crumbling mortar.



Another thought about real estate statistics

If a government statistic says values are up in your city it may or may not be true for your home. What if for some reason ten mansions came on the market in the last quarter and sold. That would have made the average price in your city rise while in reality the value of your house could have dropped.

There is one very important thing to know about statistics and that is the 10 mile rule. What is happening nearby (10 miles) can be very different from what is happening in the country, the state or even the region around you. Why ten miles? Because ten miles is generally about as far as people want to commute. For example, in the third quarter of this year Lewis County was down 32.6% in sales while Yakima County was up 13.8%. So, where to get good information about the local market? The best place is with someone immersed in the market such as a Real Estate agent. Another good place is local news such as the Olympian.

More Olympia Area Statistics

First the yearly statistics from third quarter 2005 to third quarter 2006. There were 8% more homes sold (3387 to 3,674), the home were on the market 30% longer (44 days to 57 days), and the average sales price up 15% (from \$247,181 to \$283,095).

The most recent statistics are from September and October 2006. There has been a reduction in price in 37% of the homes on the market while the days on the market have risen to 95. From September to October there was an 8 to 9 percent drop in price.

