

Supra Lockbox Stats Through 6-7-2009 Up Again From Previous Week

The latest information from Supra shows lockbox openings were up from the previous week in Oregon and Washington.

How Affordable Are Homes These Days?

Rumor has it that first time buyers (thanks to the \$8000 tax credit) and investors are making the bulk of home purchases these days. Like all savvy shoppers, I'm sure they want to make sure they are getting a good deal.

While, ultimately this is extremely personal calculation (because it depends on the buyer's income, mortgage rates, how well the house will meet their needs, etc.) there is one generic indicator that we can use to get a sense of where the market is at overall: the Affordability Index.



This graph shows the affordability index for the Portland Metro Area by quarter since Sept. 2003.

According to our calculations (which are based on a formula we got from the National Association of Realtors a while back) houses have been becoming increasingly more affordable since

September 2008. But what does that mean?

Let's look at the index rating for April, which was 1.41 (see graph above). In theory, someone making the median family income \$70,000 according to HUD (surprisingly it's up this year) would earn 41 percent more money than they would need to be able to afford the monthly payment on the median priced home in the Portland Market (\$246, 400 according to the April 2009 Portland Market Action—of course).

That is IF they got a loan at the 4.81 percent average interest rate per Freddie Mac in April AND they had a 20 percent down payment (which we all know isn't all that common for first time home buyers these days).

Question is: what will happen now that interest rates are starting to creep back up? We'll let you know in the July issue of Market Action—that's the next time we calculate and report affordability in the newsletter.

More New Stats

We know you're curious how the market is doing. We are too! We're guessing that you've probably had buyers asking if "we've hit the bottom yet" and sellers asking you how much longer it will take to sell their house. We don't have a crystal ball, but we've been trying to provide you with more information to help you answer your clients' questions.

You may have noticed Supra lockbox access graphs and charts. These stats should give you a sense of how many lockboxes are opened on a daily and weekly basis. Plus, we've added a graph to show you how that activity has changed through 2009.

Today, we're releasing some brand new information: the number of new saved searches and the number of new prospects by RMLS™ subscribers per week since January 1! We hope these stats will be useful in helping you get an idea of when new buyers are joining the house hunt.



Saved Searches 5-24-2009



New Prospects 5-24-2009

We welcome your ideas of other stats you think might be useful. We can't promise that we'll be able to gather them for you, but we will try to incorporate those ideas whenever we can.

First-Time Homebuyers Making a Splash



Are first-time homebuyers making an impact on the real estate market?

I recently received a statistical request from a writer at the Oregonian who wanted to know if over the last year the percentage of buyers in lower-price ranges has risen. As it turned out, in Portland, those buying homes in the \$0 – \$499,999 range now make up nearly 4% more of the market of homes that sell compared to 2008, while those buying homes from \$500,000 – \$1+ million has dropped off about 3.6%.

This influx could be attributed in part to first-time homebuyers who are jumping at the opportunity that is being presented to them, given the \$8,000 tax credit, historically low interest rates and significantly lower purchase prices.

You can count me among the many first-time homebuyers taking advantage of the opportunity and I am seeing friends taking advantage of the deal as well. If they have some money saved, jobs they feel secure at, and a desire to own – they are looking to buy.

Temper Expectations

You've probably dealt with first-time homebuyers who expect amazing homes for their money. Sure, maybe they'll get one, depending on their price range, but my experience was not as such.

In my price range (\$200k – \$230k), what I found in the areas that were attractive to me, was generally good, but older homes that may need some updating (and in fact, that's what we bought).

My point is, remember to manage the expectations of these buyers, as they may have grand ideas in their head due to some reports in mainstream media. Obviously they should buy a home that they'll be happy in, but also remind them that this is an amazing opportunity right now to make a sound investment for the future.

Image courtesy of bellemedia.