

The \$8K Tax Credit and its Effect on Portland Metro Real Estate

There's been some encouraging news lately in the RMLS™ market areas. The number of sales and pending sales are finally outpacing the totals from the same month in 2008. How much of it might be a result of the \$8,000 first-time homebuyer tax credit, though?

I recently put together some statistics for the Oregonian on the Portland metro area, and thought I would share them with you.

There is no question that home sales in the lower-end of the market have seen a big jump this year. In 2007, homes priced between \$0 and \$249,999 only made up 35% of all sales in the Portland metro area. In 2009 so far, they make up 49.6% of the market.

As you'd expect, coinciding with the increase in lower-end homes is a drop in high-end homes. Homes priced \$500,000 or above have dropped from 13.5% of the market in 2007, to just 8.2% of the market this year.



Click on the graph for a larger view

The question is: what will happen when the \$8,000 tax credit expires on December 1?

I know the tax credit definitely got me off the fence & I can literally think of 15 of my friends and acquaintances (off the top of my head) who have bought or are actively looking to

buy.

So in my humble opinion, there's little doubt that the tax credit spurred people to buy. But as the deadline for the credit approaches, it should be interesting to see where sales go.

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.