

Portland-Metro real estate market conditions for December 2009

On November 6th, President Obama signed into law an extension and expansion of the popular home buyer tax credit program. It extended the credit to buyers that enter contract on or before April 30, 2010 and close by July 1, 2010. A first time home buyer is considered anyone that has not owned a home in the last three years and is eligible for a credit equal to 10% of the purchase price, up to \$8,000 for a couple. The credit has also been expanded to those that own or recently owned homes, as long as it has been a primary residence for five of the past eight years. The credit for home owners is still 10% with a limit of \$6,500 per couple on the purchase of a new home. Credit limits are half for individual home buyers or for couples that file separately. There are many more details, please contact me if you would like more information or you may check the cited sources below.

In October, market data was skewed due to first time home buyers entering the market to take advantage of the at-time “first time home buyers tax credit” that required purchases to be closed by November 30, 2009. Pending sales increased for the month more than they had since February 2006. Total closed sales for October 2009 were higher since August 2007 with the highest same month percent increase since January 2005.

Now let’s take a look at real estate market conditions for the Portland-Metro area for the past month. November closed sales were up 72.4% over the same month as last year and pending sales rose by 19.9% as many home sellers buying new homes became eligible for the expanded tax credit.

Still, listings dropped by 7% as some home owners decided they would rather wait to sell their homes at higher prices in a stronger market than accept a lower purchase price with a tax credit. The average sale price for November 2009 was down by 11.4% as compared to last year. Median sale prices were down by 9.8%. In comparison with October 2009, average sale prices were down 3.6% and the median price had dropped by 2.5%. Active inventory, which is calculated by dividing the total number of active listings for a month and dividing it by the number of closed sales, was up to 7.1 months. In October, active inventory was at its lowest since August 2007 at 6.5 months.

Our federal government has provided incentives to buy and sell homes. A seller can now take advantage of the credit to purchase a more expensive home at a lower market value or even to reduce costs and purchase a less expensive property. Buyers have an additional five months to receive an \$8,000 credit when they purchase a new home with a market continuing to experience lower real estate prices and interest rates.

Would you like to receive more detailed information about?

- Your neighborhood or neighborhood of interest?
- The extended and expanded home buyer’s tax credit?
- Realtor services?

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All statistics listed are quoted from the November 2009 issue of *RMLS Market Action*. The Regional Multiple Listing Service releases the previous month’s statistics no earlier than the 15th of the current month. Tax credit information provided by the IRS at <http://www.irs.gov/newsroom/article/0,id=215791,00.html?portlet=7> Additional tax credit information provided by the National Association of Realtors FAQ on Homebuyer Tax Credit Changes, available on request.