

## October 2009 Portland-Metro real estate market conditions

September 2009 home sales continued to be higher than at the same time a year ago. September 2009 closed sales had increased over September 2008 by 9.8% and pending sales by 34.1%. New listings dropped by 14.3%.

Compared to August 2009, closed home sales decreased by 2.2% and pending sales grew by 6%. New listings dropped from August 2009 by 4.8%.

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, is at 7.6 months with 13,667 residential listings on the market. Active inventory in September 2008 was 10.4 months and 8.6 months in September 2007. Many consider the real estate market to be balanced when active inventory is at 6 months.

Comparing the third quarter of 2009 with the same timeframe in 2008, closed home sales are up by 6.5% along with pending sales at 17.5%. New listings are down by 18.7%.

Both sale price indicators went down last month compared to September 2008. The average sales price decreased by 8% while the median sales price was down by 9.6%. Monthly sales indicators also both dropped from August 2009 with average sales dipping by 2.1% (\$296,100 versus \$296,300) and median sales prices down 3.4% (\$241,400 versus \$249,900). The median price may be lower due to continuing purchases of first-time homes that have been aided by the first-time home buyer credit that expires on December 1, 2009. The federal tax credit maximum is 10% of the purchase price of a home, up to \$8,000. The vast majority of properties in this area would qualify to receive the maximum credit.

The first time home buyers credit brought down average sales and median prices by increasing the number of pending and closed sales on less expensive properties. The last day to earn this federal tax credit is to close a home purchase no later than November 30, 2009, which falls on the Monday after Thanksgiving. To be certain to take advantage of this credit, closing should occur the Wednesday before Thanksgiving, November 25<sup>th</sup>. Considering today is October 15<sup>th</sup>, any new buyers seeking the credit should put in their offers immediately. An \$8,000 tax credit should not be a pressure to purchase a home that you are only considering. The cost of owning a home that you are not satisfied with has much greater financial and emotional costs than a tax credit is worth. Short sales and foreclosures typically take 90 days to close and would need to already be in progress to take advantage of the credit.

There is some discussion between law makers to extend the first time home buyers tax credit on the national or even the state level in Oregon; but at this time, it has not been occurred. Fortunately, there will still be homes for sale after the credit. There may be less sales activity with fewer new buyers in the market, which could possibly cause sales prices to continue to decrease and create even greater bargains. The key word is *possibly*. Many would-be sellers and all current homeowners would appreciate the values of their most important investment to increase over the long term.

Would you like to receive more detailed information about?

- Your neighborhood or neighborhood of interest?
- The first time home buyer's tax credit?
- Realtor services?

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All statistics listed are quoted from the September 2009 issue of *RMLS Market Action*. The Regional Multiple Listing Service releases the previous month's statistics no earlier than the 15<sup>th</sup> of the current month.

Tax credit information provided by the IRS at <http://www.irs.gov/newsroom/article/0,,id=206291,00.html>