

The Price Is Right

COULD THE REAL ESTATE MARKET FINALLY MAKE EVERYONE HAPPY?

By Kristen De Deyn Kirk

Not so many years ago, houses were selling so quickly in Hampton Roads that buyers didn't just pay the seller's asking price, they paid more, sometimes finding themselves in bidding wars.

No one seemed to be scared away. Prices climbing higher and higher appeared to attract even more buyers. Maybe they wanted to take advantage of easy-to-obtain mortgages, or maybe they were panicked about prices increasing even more. Buyers raced in; sellers smiled big—and real estate agents smiled even bigger.

Can anyone ever be as happy as in those sweet days?

Why, yes, maybe *now* we can.

Maybe.

The market review and research forum held last November, with support from the E.V. Williams Center for Real Estate and Economic Development (CREED), pointed to a lot of promise for Hampton Roads, after a crazy rollercoaster ride.

In between 2002 and 2007, median home prices of existing homes rose by 90 percent. (Great news if you sold during that

time, but not so great if you bought toward the end of the upward trend—and need to sell now.)

Since 2007, prices have slowly declined by 19 percent from the 2007 median high of \$223,000 to 2011 low of \$180,000. Looking at the first 10 months of 2012, median home prices in Hampton Roads are making a comeback—possibly slow and steady—to a reasonable \$185,000.

Annual figures being released this month by CREED were expected to show that the 10-month pricing trend continued.

Good news can be found in the number of existing homes (versus newly constructed) sold, too. Through October 2012, sales were up 7.4 percent over 2011, when sales also increased by 7.6 percent. And they were selling a bit faster than in 2011—when it took on average 102 days to sell a home. In 2012 through October, the average was 98. In 2004, it was just 27 days.

The numbers don't always add up

However, resist the urge to assume. Looking at an overall number and thinking you know exactly what they mean for you might lead to disappointment—because you think you could get more for your home than you really can or because you think prices are too high for you to buy.

Or you'll jump at a not-exactly right home, worrying because homes are selling a little bit faster and you figure you better get in the market before things go haywire.

Take it slow, no matter what. The numbers look completely different when narrowed to individual cities:

Median prices were down in Portsmouth (\$109,000), Suffolk (\$199,900), Newport News (\$147,250), and Hampton (\$135,000), and up in Williamsburg (\$250,000), Chesapeake (\$219,900), Norfolk (\$145,000) and Virginia Beach (\$219,300).

You'll need to look at sales numbers and prices more closely—considering the city that interests you, the neighborhoods within each city, and other factors.

"At any time real estate agents are able to generate countless statistical reports using information that is easily accessible," says Ashley Swindell, a realtor with Nancy Chandler Associates. "It is also important to review pricing history and the average days on market. This information,



along with the actual location within the city, as well as the other attributes and amenities—schools, available services, walkability, overall aesthetics—determine the region's best areas and neighborhoods.”

Swindell advises looking at overall numbers for cities and neighborhoods and then comparing a specific house—either yours that you’re selling or the one you’d like to buy.

“How does it stack up? Are they the same, above or below?” she adds. “The answer to that question will help determine many things. One of the biggest is overall home values in a neighborhood. This should play a major role in a seller’s asking price and a buyer’s offer for a property.”

All of the numbers can feel overwhelming, but they can lead you to good decision.

“Numbers don’t lie, and it can help take a lot of the emotion out of the process,” says Swindell. “I always tell all my buyers and sellers, ‘I may not tell you what you want to hear, but I will tell you what you need to know to make an informed decision.’”

Buying freedom

A few factors could change everything for the real estate market: For example, will many distressed homes be placed for sale again this year? These are homes that

might be sold for less than the owner needs to pay off the mortgage, and they can drive down median prices—even if the surrounding houses are in beautiful condition and are located in the “perfect” community. Last year through October, 29.5 percent of homes sold in Hampton Roads were distressed. That number was down from 33.8 percent the year before—but it’s still a big number.

We must also think about the threat of sequestration, which as of our press time, remained a possibility. Will the government cut spending for so many people who support the military, and how will it affect our economy in Hampton Roads?

Ramon Breeden, Jr., chief executive officer of The Breeden Company, which owns 7,000 apartment units in Virginia and North Carolina, understands people wanting to own a home.

“It’s about pride,” he says.

However, he also understands how you usually have to stay in a home for five years to build equity, and that’s not always possible, especially in Hampton Roads where families with the military move every few years. Even if a five-year stay is possible after purchasing a home, its value could drop, like we saw a few years back.

Another option: Renting an apartment

The image of a small, dark lonely place isn’t what should pop to mind. Apartments and all they can offer have changed in the last decade. Many times, you can expect granite countertops and wood floors in your apartment and gathering places with pools, grills, TVs, game rooms and top-of-the-line workout rooms steps away.

“You don’t need to stay in your apartment,” says Breeden. “You have many options.”

And less work: No worries about taking care of the yard, or your furnace or air conditioning breaking down.

“You’re free,” Breeden stresses. **HRM**

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