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Beating the market

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Sunday, May 25, 2008 2:04 AM EDT

The numbers, as the adage goes, don't lie.

And that's good news for the local housing market.

A study released May 13 by the National Association of Realtors shows the area's housing market is solid -- at least compared to most other markets across the country.

Of the 149 metropolitan statistical areas NAR studied across the nation, only 48 saw median sales prices for existing single-family homes rise over the past year.

The Glens Falls metropolitan statistical area, which includes Warren and Washington counties, saw its median sales price increase 7.7 percent from the 2007 first quarter to the 2008 first quarter.

During the first quarter of 2007, the local median sales price was $151,500. During the first quarter of 2008, it was $163,100.

Nationally, all 149 metropolitan areas taken together, the median sales price dropped 7.7 percent year over year.

"Really, what these numbers drive home is the very important message that all real estate is local," said Salvatore Prividera, spokesman for the New York State Association of Realtors. "We've been bombarded with the difficult news of what's happening in California and Michigan and Florida."

"And unfortunately, consumers hearing these stories over and over again assume that's what's happening here," he continued. "Clearly, though, that's not what's happening here."

Bad news elsewhere

According to the NAR study, California has been one of the states hardest hit by the declining housing market.

Median sales prices in the Los Angeles-Long Beach-Santa Ana area declined 21.3 percent over the last year. Prices in the Riverside-San Bernardino-Ontario area plummeted an even greater 27.7 percent.

The reasons for the stark differences between these regions in California and the Glens Falls area are many.

And that only does more, Prividera said, to prove there's no such thing as a national real estate market -- only local real estate markets.

In the California market, for example, homes became monumentally expensive during the housing market boom a few years ago.

"If you take a look at California, home prices skyrocketed," Prividera said. "Very small homes there go for an incredible amount compared to the same home in New York."

According to the NAR study, the median sales price of homes in the Los Angeles area is $459,400 -- and that's down from $583,700 a year ago.

Such rapid price appreciation, has made homeownership unaffordable for a lot of people in California, Prividera said. That hasn't happened to such a large extent locally.

A secure region

Another variable is job security, which fluctuates from one part of the country to the next.

"Look at Detroit. Detroit relies on the auto industry," Prividera said. "There's one primary employer that drives the economy of Detroit, and we know the auto industry is soft right now.

"And a primary industry having a setback affects the housing market," he added.

The NAR study did not have data for the Detroit area, but in the nearby Lansing, Mich. area, the median sales has price dropped 26.9 percent over the last year.

While the economy is undoubtedly softer everywhere right now, most local industries are still doing well.

"This week was the first time I heard of any significant employer -- Glens Falls Hospital -- having a reduction in work force," said Mark Bergman, president of the Warren County Association of Realtors. "And even that, when we look at it, is not significant.

"It's not like 5,000 jobs were cut out of the county," he added. "We see a stable employment base here, and that really helps support the housing market."

Glens Falls Hospital announced Tuesday that it cut 65 positions out of about 3,000, based on financial challenges the institution is currently facing.

Other factors, aside from jobs, are also bolstering the local market.

"Our interest rates are at 40-year lows, and we're not one of the areas that was hugely affected by the subprime mortgage mess," Bergman said. "Our foreclosure rates are still tracking very low and below the rest of the country."

During a March conversation *The Post-Star* had with Bergman, he referenced a National Association of Realtors report that showed foreclosure rates have increased nationally by 75 percent.

This 75 percent increase refers to the number of foreclosure starts the association has documented since its 2006 fiscal third quarter.

Foreclosure starts mark the beginning of the foreclosure process for homeowners who may be delinquent or late in paying their mortgages.

New York state is far below this.

A state-by-state analysis of the situation on the Center for Responsible Lending's Web site predicts that 9.7 percent of subprime mortgages issued in New York between 1998 and 2001 will end in foreclosure. For similar loans issued in 2006, that percentage jumps to 20.9.

Appreciating appreciation

At the same time fewer people are losing their homes in New York, fewer people are also struggling to recoup their invest if they're selling their homes.

"We did a survey in 2007 that showed the typical homeowner in New York state owned a home for seven years," Prividera said. "If you've been in your home seven to ten years, and you're selling now, you will still enjoy price appreciation."

"In March 2008, the median sales price was $225,000 and in 2001, it was $114,000," he continued.

"Sure, your house today might not sell as high as it would have at the height of the boom in 2004 or 2005, but you'll still enjoy an appreciation."

And as it turns out, New York is probably one of the better places in the Northeast to enjoy increased appreciation.

According to the recent National Association of Realtors report, the median selling price of existing single-family homes in the Northeast rose 3.2 percent in the last year to $280,000.

The top three metropolitan areas in the Northeast experiencing price increases were Binghamton, up 11.8 percent; Elmira, up 9.6 percent; and Glens Falls, up 7.7 percent.

By comparison, prices in the South fell 7.5 percent, prices in Midwest fell 7.9 percent, and prices in the West fell 12.3 percent.