

# MarketNotes

A Publication of The Stephen Howell Realty Group, LLC at Coldwell Banker Residential Brokerage

## Market Conditions Remain Stable

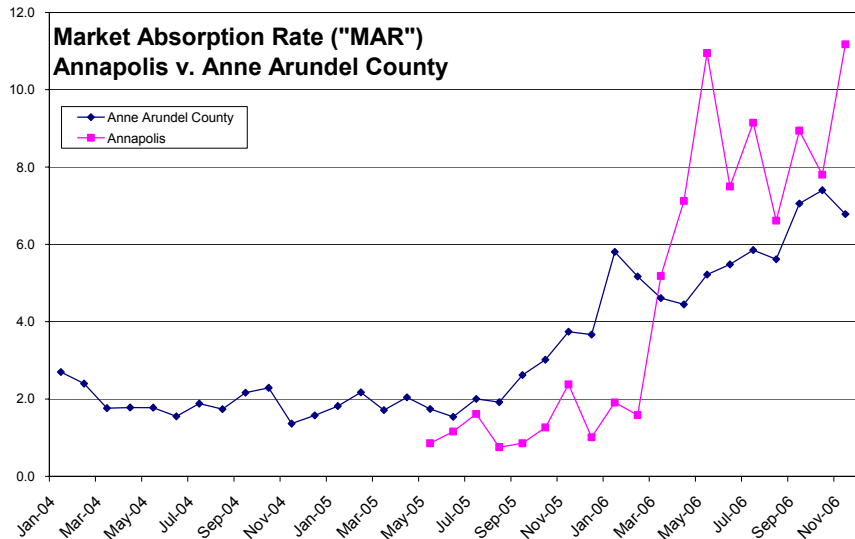
It remains a slow market – not a bad market. December is typically the slowest month in real estate. Buyers focus on the holidays and wait for year end bonuses and salary increases. Active listings in Annapolis (the 21401, 21403 and 21409 zip codes) remain at a record high with 961 properties on the market. Compare that to only 176 Active Listings this time a year ago. Units Sold in November dropped to 86 from 117 in October. Across Anne Arundel County there were 525 Units Sold in November and only 3,562 Active Listings on December 1<sup>st</sup> – down from 3,863 in October.

### Mixed Picture

According to a CNNMoney.com report (11/28/06) “the price of existing homes sold in October fell for the third straight month and posted the biggest drop on record”. While much of the nation is experiencing a market decline, our area which had seen stunning price increases for nearly five years, is now going through a price correction. While properties in the 21401 zip code have experienced a 13% price increase year-over-year, properties in the 21403 zip code have experienced a 13% price decline. Total sales volume declined in both markets – no surprise there. The Total Units Sold is down nearly 30% from this time last year and Days-on-market is nearly double last year.

### Market Absorption Rate

The Market Absorption Rate (“MAR”) for Annapolis is 11.2 – meaning there is nearly a year’s



supply of property available for buyers to choose from. Across Anne Arundel County the MAR is 6.8. MAR is calculated by adding up the number of homes on the market, and then adding up how many homes were sold in the past 30 days, then dividing the total number of homes and by the number of sold to get the absorption rate. This determines how long it will take for all the homes currently on the market to be absorbed by buyers, at the current rate of purchase.

### Economic Expectations

Expectations are that the current trends will continue well into the first quarter of 2007. Mortgage rates are expected to remain stable. The National Average Monthly Composite Mortgage Rate has been between 6.5% and 6.75% for seven months in a row.

The housing slowdown is not expected to plunge the economy into a recession or the stock market to fall into a tailspin. Steven Wieting, a Citigroup senior economist, is reported saying “that concerns about a recession due to softness in the housing market are overdone” in

a CNNMoney.com report (11/27/06). The same story reports that Federal Reserve Chairman Ben Bernanke painted a relatively healthy picture of the economy suggesting that any weakness in the housing market may not put a significant dent in future economic growth.

Fed watchers think it's not likely that the central bank is going to cut interest rates anytime soon. They're sure that the Fed is worried about inflation and that interest rates could head higher in the coming year if inflation remains a threat.

### Conclusions

These national trends influence our local market, and, a slow real estate market is likely to continue for several more months. Let us help you as buyers or sellers take advantage of these trends. So, if you're buying or selling a home or know someone who is, for a confidential, private, professional consultation without any obligation to discuss today's real estate market, please contact Stephen Howell at 410-923-3217.