

MarketNotes

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

Current Conditions - Depreciating Market

We need a new way of thinking about real estate. You see, our homes are a commodity – not a product. When the seller establishes the selling price it's a product, but when the buyer sets the selling price it's a commodity. And, the price of the commodity moves up or down as a function of supply and demand. In the real estate market, we call this appreciation or depreciation. Right now we have more homes on the market now than we did this time last year and more than the year before. So you see, we've been in a depreciating market since mid-to-late 2005 and all the while home prices have been declining.

Buyers' perception of value in today's market is significantly lower than that of Sellers. Some Sellers, still living in 2005, believe that the market continues to appreciate while home prices fall as more homes come to market. Until such time as the inventory level declines and more homes come off the market than come on, we will not reach a tipping point where prices could start improve and the market appreciates.

When sellers aggressively position their property below market they can create conditions similar to those found in appreciating markets energizing the buyer pool, and create an environment whereby they can obtain the best price sales price in the shortest period of time.

In Anne Arundel County in April there were 4,309 active listings on the market, up 2.1% from last month. There were 1,239 new listings in April, up 12.5%. And, there were 691 pending listings, up 43.1%. There were 366 listings sold, down

