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New Hampshire home sales jump 6 percent in July

Optimism continued to grow within the New Hampshire real estate community as statewide residential home sales experienced a second consecutive monthly increase in July.

Sales data released recently by the New Hampshire Association of REALTORS® (NHAR) showed that the number of residential unit sales in July 2009 was up 6 percent over July 2008 sales – from 1,104 in 2008 to 1,169 in 2009.

The report comes on the heels of a slight June increase, marking only the second time since 2005 that there have been consecutive months of increased sales, and continued to buoy hopes that the New Hampshire housing market is on the rebound.

Seven of New Hampshire's 10 counties saw even or increased sales from July 2008 to July 2009, including a 29 percent increase in Grafton County, 23 percent in Strafford and 18 percent in Hillsborough.

[OPTIONAL ADD OF LOCAL UNIT SALES NUMBERS: SEE DATA SHEET]

“Considering where we were at the end of February in terms of sales figures, from a statewide perspective there truly seems to be reason to believe we are heading in the right direction,” said NHAR President Paul Sargeant, a 20-year veteran of the real estate business and a broker with Better Homes and Gardens Real Estate The Masiello Group in Bedford. “In March, our faith in the recovery was somewhat difficult to define, but today we can report a much more fact-based optimism.”

Indeed, January and February sales data included some of the state's lowest numbers in recent memory, having dropped 3 percent from 2008 to just 966 residential transactions for those two months in 2009 combined. Additionally, inventory at the end of January was at roughly 22 months supply – a lopsided buyers' market and a far cry from the 7 or 8 months supply that is considered a balanced market.

Sargeant contrasted that 22 months supply with the most recent inventory data, which showed just below 11 months supply at the end of July, the best such number in nearly two years.

And although he cautioned that national numbers do not necessarily reflect local trends, Sargeant pointed to another positive sign in that the National Association of REALTORS® most recent report of the pending home sales index – a forward-looking indicator based on signed contracts – showed a fifth consecutive month of gains. It's the first time in six years that the index had increased for five straight months.

And although July's statewide foreclosure numbers are not yet available, a NH Housing Finance Authority report showing June foreclosures down 22 percent from the previous June offered yet another piece of encouragement.

"It wasn't so long ago that we really had to seek out the good news," Sargeant said. "This feels closer to critical mass than a needle in a haystack. There are certainly more positive signs than there have been in some time.

"And in addition to the empirical evidence, I continue to get a feeling of increasing optimism based on conversations with other Realtors who feel as though things are changing for the better."

In addition to the July-only unit sales number, Sargeant pointed out that the number of New Hampshire residential home sales in the past five months (March-July) is 1 percent higher than in the same period last year – 4,694 in 2009 compared to 4,655 in 2008.

Meanwhile, 2009 prices statewide continued to lag behind the prices of last year, with the July 2009 median price down 10 percent to \$220,000, from the \$243,250 median price of July 2008.

[OPTIONAL ADD OF LOCAL MEDIAN PRICE NUMBERS: SEE DATA SHEET]

Sargeant said those deflated prices continue to be a result, in part, to a correction following the huge increases of the late 1990s and early 2000s, during which median prices spiked by 112 percent from 1998 to 2005.

However, he expects that the first sign of movement toward rebounding prices will be sustained increases in unit sales, and the subsequent decrease of inventory, "your basic principle of supply and demand," he said.

For now, however, Sargeant reiterated that a lower median price is a positive thing insofar as it increases the opportunity for families otherwise priced out of the market to experience homeownership.

With interest rates continuing to be favorable and the incentive of the \$8,000 tax credit for those who are purchasing a home for the first time in at least three years, Sargeant said he remains hopeful that the recovery in New Hampshire will become even more evident as the year progresses.

"We're no longer seeing a sales decline month after month, as had been the trend for several years," he said. "The market appears to be leveling, and that's a good sign."