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Prices stable, sales decline in 2007 New Hampshire residential real estate market

For the second consecutive year, the New Hampshire residential real estate market continued a modest correction from its 2005 peak, as sales volume lagged and prices remained relatively flat throughout the state.

There were 11,989 single-family homes sold in 2007, a drop of 10.3 percent from the 13,364 sold in 2006. The median sale price of those transactions, however, fell only 1.6 percent – from \$265,000 in 2006 to \$260,800 in 2007.

It was the second consecutive year of a slight median price decline, as 2006 showed a 1.9 percent drop from the 2005 median price peak of \$270,000, but members of the New Hampshire Association of Realtors pointed to the value surge of the late-1990s and early-2000s as evidence that as a long-term investment, real estate is as healthy as ever.

“We had such a price boom up through 2005, it’s no surprise that prices have lagged a little,” said 2008 NHAR President Jim Lyons. “There are going to be ebbs and flows to the real estate market, but we like to think of real estate as a long-term investment and to look at trends over substantial periods rather than just year to year.”

To that end, Lyons cited the fact that residential median prices in New Hampshire doubled over a six-year period from 1998 to 2004, increasing from \$127,500 to \$254,702, an average annual increase of 16.6 percent.

An upward trend continued through 2005, during which the median home price peaked at \$270,000, and that was followed by the slight declines of the past two years. Even with those drops, the nine-year period from 1998 through 2007 has seen an overall median price increase of 105 percent, an average of 11.7 percent per year, what Lyons called “a very solid rate of return.”

In local markets, the largest one-year value decline was in Rockingham County, where median prices dipped by 4.2 percent from 2006 to 2007, a fact mitigated by a volume decline of a modest 2.4 percent. Meanwhile, median prices over that period increased in Sullivan (1.9 percent), Grafton (1.5 percent) and Belknap (0.3 percent) counties.

“Every market is different, which is why we stress the value of a local Realtor in assessing particular choices for each individual looking to buy or sell a home,” Lyons said. “Short-term investing is always going to be subject to short-term market forces, but as a general rule we truly believe that long-term investing in real estate is a still a sound choice.”

