

## **2007 Annual Rocky Mount Area Real Estate Market Report**

This annual real estate market report is produced free of charge by David C. Recker, Broker/Realtor, RE/MAX Point East, Rocky Mount, North Carolina.

In 2007 many things became apparent to me as I continue to work as a Realtor in the local Rocky Mount, North Carolina, area. Many consumers are listening to the National news media about the real estate market and assuming that it is an accurate reflection of what is happening here locally. Nothing could be further from the truth. All real estate is local.

This report focuses on what is happening locally and will hopefully serve to clarify events and reasons for local facts and trends.

### **A Look at 2007**

#### **Quick Facts:**

- **1,260 homes sold in the Rocky Mount Area in 2007**
- **The average number of houses sold per month was 105**
- **The average house stayed on the market was 172 days**
- **The average sold price was \$128,859**
- **2007 ended with a 9.5 month supply of available homes for sale**

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### Total Sales Overview

The first chart graphically illustrates the overall residential sales by year for the last 5 years. As you can see the local market peaked in 2005 with 1,431 sales. Sales in 2007 equaled 1,260 residential properties sold. This equates to an absorption rate of 105 properties per month for the year.

This number also represents an 11% decline in sales from 2006 and a 12% decline from the recent 2005 peak.



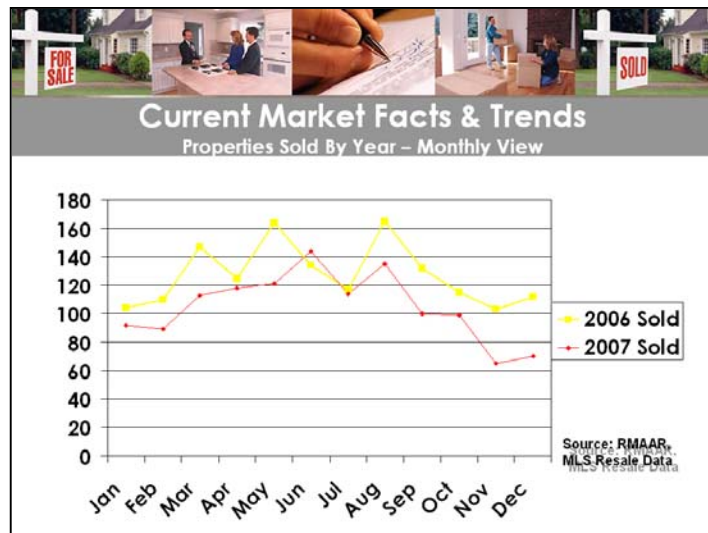
The bad news is that by looking at these numbers it is apparent that the market has slowed locally with a double digit drop in sales during 2007. However, we are still selling on average 105 homes per month. As I speak with home sellers this number seems to astonish them. The perception is that we sell much less than this locally.

### Monthly View

Now let's look at 2007 from a month-by-month perspective. The second chart shows total home sales by month.

The first thing that jumps out is that the only month that was better than the previous year was June. Secondly, by looking at the data in this way you can clearly see the local trends by month and season.

Although this chart only depicts the last two years, you can see the rise in sales beginning in February with the decline beginning in August. This chart shows that the historical Spring and Summer markets are when the preponderance of homes are sold in the Rocky Mount area.



I like this chart as it clearly shows what is happening on the ground. You can debate the reasons but you can't deny the facts.

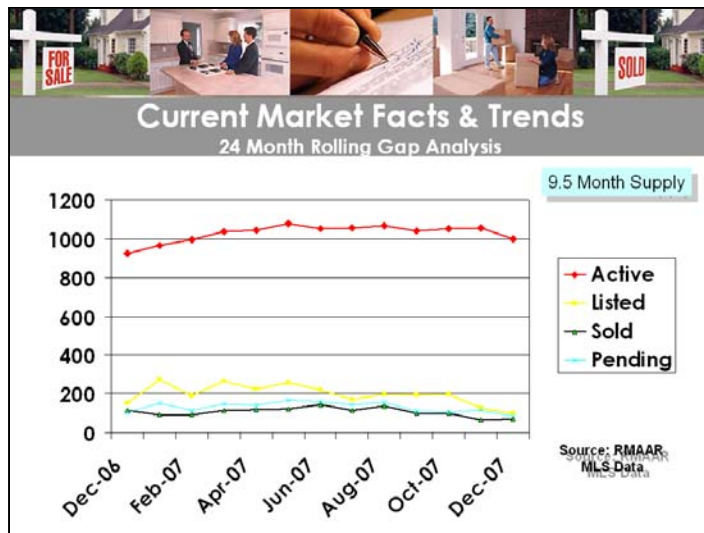
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### Rolling Gap Analysis

This third chart has a lot of lines and perhaps looks a little busy. However, this is the most important chart in this report. Why? It takes the relevant data and creates a snapshot and an understanding of the local real estate market.

The three lines at the bottom depict newly listed, sold, and pending residential sales by month. Generally speaking, the closer the sold and pending lines are to the listed line the better.

These show graphically the rate of absorption as compared to new listings.



Next, look at the gap between the active line and the listed, sold, and pending lines. The active line represents the total number of residential properties currently listed by month as compared to the listed line that represents the number of newly listed properties for a particular month. The wider the gap between the active line and the others, the longer and more challenging it is to sell a property.

The gap is fairly wide depicting the 9.5 month supply of homes for sale at the current absorption rate of 105 homes per month.

### 2007 In Review

What does all this mean? The local Rocky Mount area real estate market slowed during 2007. The largest impact on home sales in any community is the local economy which is fueled by jobs and income growth. Rocky Mount experienced a stable economy and slightly improved unemployment rate according to the Bureau of Labor statistics.

Therefore, I suspect the 11% decline in home sales in 2007 is due mostly to the implosion of the mortgage industry resulting in tightening credit and higher minimum standards to obtain a home loan.

The local housing market is still saturated with available housing. This report documents that we are still in a strong "Buyers" market and will be for the foreseeable future. What is a Buyers market? This is when conditions exist that allows buyers to obtain concessions from sellers that they normally would not receive in a normal or balanced market.

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What is considered a "Balanced" or "Normal" market? Typically this is when houses sell between 3 - 4 months.

### Looking Forward into 2008

Even though we are experiencing historically low interest rates, current data indicates that we will not see a turnaround until perhaps 2009.

I believe that the local market will continue to suffer from the sub-prime fallout. The mortgage industry will continue with tighter standards which in turn creates a smaller buyer pool. Those who qualify for a loan will enjoy better interest rates but less people will qualify.

Foreclosures - The number of local foreclosures is on the rise. As these foreclosures spread into more communities the homes for sale in the affected communities will face additional downward pressure in able to compete with the foreclosure market.

Buyers - If you are looking to buy, this market is for you. In this market buyers typically get more for their money and regularly receive seller concessions for items such as closing costs, carpet allowances, and even loan rate or point buy downs.

Sellers - If you are a seller this is not a bad time to sell. You just need to have a realistic expectation of your home's value and need to work with a Realtor who will provide maximum exposure for your property. Remember, 105 homes on average are selling each and every month. The key is to make yours stand out from the rest to become one of the 105 that DO sell.

### About the Author

David C. Recker is a Top Producing Realtor licensed in North Carolina. Dave works at RE/MAX Point East and serves Edgecombe, Nash, and Wilson counties in North Carolina.

Dave's website, [www.NCRealEstateWeb.com](http://www.NCRealEstateWeb.com), is one of North Carolina's top real estate websites and you can read frequently posted Articles and Blogs by Dave at [www.NCRealEstateWeblog.com](http://www.NCRealEstateWeblog.com).

*Numbers cited in this report were gathered from data contained in the Rocky Mount MLS system and predominately cover Nash and Edgecombe Counties in North Carolina. Any forward looking comments contained in this report are the professional opinions of the writer and are just that...opinions, not a guarantee of future events.*

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