



First Equity, Realtors

Amarillo Housing Market Commentary  
YTD September 30, 2012

“A Strong Third Quarter”

The first nine months of the 2012 Amarillo residential real estate market has turned in the best residential market numbers we've seen since the third quarter of 2008 about the time we were feeling the aftershocks of the financial markets meltdown. Closed transactions are up 11.47% as of September 30, 2012 YTD as compared to the same time period a year ago, and we feel that sales activity was constrained due to the dwindling number of available listings on the market. The reduced inventory has created some “logjams” in the market preventing both buyers and sellers from acting.

The best evidence of the market beginning its return to a solid Seller's market are the increases in average and median sales prices from one year ago, 5.91% and 4.65%, respectively. These are impressive numbers based on nine months of closed sales and extend the number of quarterly year-to-year price increases to nine.

Buyers' perceptions of the market are beginning to track reality in that fewer and fewer Buyers are expecting to find a bargain on a home that fits their needs in a desired location in reasonable condition.

Market fundamentals remain positive; job creation is up, interest rates are down (we saw historical lows earlier this year), and home price appreciation is up....the textbook recipe for a healthy real estate market. In fact, interest rates are again testing historical lows with 30-year fixed rate loans at 3.375% and 15-year fixed rate loans at 2.625%.

### **2012 Amarillo Housing Market Activity**

#### **Closed Sales**

2,196 closed sales in 2012 compared with 1,970 closed sales in 2011, an 11.47% increase from one year ago. The recently completed quarter is the fifth consecutive quarter of closed transactions exceeding the prior year's performance. The 2,196 closed sales fall at the higher end of our prediction for the 2012 market (2700-2800 closed sales). A flat fourth quarter would result in 2,800 sales for 2012 at year end.

### **Single Family Home Prices**

Average and median single family home prices were up 5.91% and 4.65% (\$156,911 and \$135,000), respectively. Now that we have nine months of sales data the solid price increases provide great evidence as to the market's strength.

### **Listing Inventory**

There were 1,306 active single family listings in the multiple listing service (MLS) as of September 30, 2012. This represents a 8.74% decrease from one year ago and the lowest third quarter inventory since third quarter 2005, just before residential sales activity peaked in 2006.

As a result of both increased sales activity and reduced inventory, the number of months of available inventory is 5.35 months as compared to 6.54 months one year ago, a decrease of 18.20%. Months of inventory below 6 in the third quarter was last seen in 2008 (5.19 months).

Sales activity would have been higher if more homes for sale had been available. Agents continue to report difficulty in matching buyers with the available inventory. Competitively priced, well conditioned listings are seeing considerable activity with multiple offers not uncommon.

### **Building Permits**

425 new single family homes were permitted during the first half of 2012 compared with 478 in 2011, a decrease of 11.09%. However, we continue to see strong new home demand, but the lack of available single family lots we reported last quarter has stifled new home construction within the city limits of Amarillo. Developers report the platting process at the City of Amarillo has delayed lot development along with inadequate sewer and water infrastructure in southwest Amarillo. Hopefully, this shortage of lots will be short-lived.

### **Foreclosure Activity** (no breakdown of residential and commercial foreclosures)

Foreclosure activity in Potter/Randall through the first nine months of 2012 is up 24.71% compared to the same time period in 2011. Most of the increased foreclosure activity is a result of the large national banks finally beginning the process of foreclosing long-term delinquent loans. Specifically, Bank of America and J.P. Morgan Chase Bank have led recent posting and foreclosure activity. However, recent posting/foreclosure activity indicates we may have seen the peak. Regardless, the fact remains that foreclosure activity in Amarillo is still a smaller factor in overall sales activity.

## **2012 Forecast**

2,700 - 2,800 Single Family Sales (appears the market will exceed 2,800 closed sales)

\$155,000 Average Sales Price and \$131,000 Median Sales Price (already exceeded both measurements)

1,200 Active Listings at year-end (most likely we'll be under this number at year-end)

650 Single Family Building Permits (we'll be lucky to permit 500 homes this year, the lowest levels we've seen since 1998)

425 - 450 Foreclosures (between 500 and 525)

## **Texas Market Statistics through August 2012**

Statewide single family sales are up 14%

Average sales price is up 5%; median price is up 6% (\$206,400 and \$157,600, respectively)

Total single family listings in Texas are down 17%; months of available inventory is down 23% (5.9 months)

	 <b>Jobie J. Ogburn</b> Real Estate Agent  Cell: 806-570-8377 Direct: 806-468-4869 Email: <a href="mailto:jobie.ogburn@cbamarillo.com">jobie.ogburn@cbamarillo.com</a>
---	---