



HOUSING MARKET SNAPSHOT

CENTRE COUNTY: JANUARY - JUNE 2008

- Now that we are at the year's midpoint, let's take a peak at how the Centre County housing market has performed during the first half of 2008. So far, 670 homes have sold through our multi-list -- that is 43% of last year's total. Does that mean we are falling behind? Not necessarily. The market behaves differently every year. In 2006, 51% of total closings took place in the first six months; but in 2007 this was just 46%. We can say that fewer homes have closed so far this year than in the last two years, but we don't know what the next six months have in store.
- Is the glass half full or half empty? Homes are taking longer to sell than they did last year - 89 days marketing time on average compared with 75 days in 2007. But prices are up - \$224,000 on average compared with \$202,000 in 2007. We'll check back at the end of the year to see if these trends hold.
- If you were shopping for a new home in the first half of the year, you certainly had a wide choice of options. The least expensive home sold for just \$9000 - a three bedroom, one bath older home in the town of Ginter - that's near Houtzdale across the border in Clearfield County (but in our multi-list). By contrast, a six bedroom, five and a half bath historic home in State College sold for \$1.3 Million. Spring and summer are traditionally the seasons where we have the most inventory and this year is no exception. If you're looking to buy today, you have your choice of 779 homes ranging from \$9,950 to \$3.35 Million.
- State College Snapshot: 379 homes have sold in the school district so far this year (43% of last year's total) and the average sale price has increased to \$270,887 (up from \$242,000 in 2007). On average, homes are selling for 97% of their current list price, although they may have had one or more price reductions to get them to their current list price. State College School District makes up 56% of the total County sales. The July 1st inventory was as follows: under \$100,000 (1%), \$100K - \$200K (21%), \$200K - \$300K (34%), \$300K - \$400K (15%), \$400K - \$500K (12%), over \$500,000 (18%).
- Bellefonte (School District) accounted for 20% of county-wide sales in the first half of the year. That is up just a bit from last year's average of 17% and I expect that Bellefonte's market will continue to rise. It is within easy commuting distance of the hub of employment in State College and



land is still available for new subdivisions. A total of 136 homes sold in the first half of the year. Average marketing time was up to 100 days and average sale price was down a bit to \$181,007 (\$187,000 in 2007). But since sales price was 99% of list price, this still indicates a strong market. The lower average probably reflects a smaller percentage of new construction in this market. There is nothing like new construction to raise the average home price in a market.

- Smaller Markets: I fear that the overall national economy is having more of an impact on our smaller markets - Penns Valley, Bald Eagle, and Philipsburg than it is on State College and Bellefonte. This is particularly true for the entry-level portion of the market - more affordable housing for first time home buyers. All three of these markets are down compared to 2007. In all cases total sales in the first half of the year are about one third of last year's total. This does not bode well for these smaller markets. New home buyers stimulate an economy as they move in and start buying things, both locally and in the region as a whole.



- In Penns Valley, 28 homes sold in the first half of the year. Average sale price was \$171,278; that's up a bit from the 2007 average of \$165,000. But marketing time here has also increased from 78 days last year to 113 this year. Sellers are still getting 96% of their list price, so here at least the market has slowed but not stagnated.

- Bald Eagle Area has also seen 28 home sales so far this year. I'm not going to tell you the average sales price and market time. Why not, you ask? Because an extremely large home/resort sold in Bald Eagle this spring for \$3.3 million and it sold very quickly. That caused the average sales price in the district to more than double and the market time to drop by more than 20%. In homes that sold for UNDER \$3 million the averages are closer to last year's \$127,000 and 82 marketing days.

- Philipsburg-Osceola is experiencing a bit of an economic downturn. Only 31 homes have sold here - less than a third of last year's total. To make matters worse, market time has increased to a county-wide high of 125 days AND average sales price has dropped to \$75,590 (last year's average was \$90,000). Philipsburg has the most affordable housing stock in the county and it looks like the decrease in first time home buyers is having a big impact here. One caveat to remember - this is a small market and even just a handful of higher priced sales in the second half of the year could tug the numbers back up. We will adopt a wait-and-see attitude for Philipsburg.



- Foreclosures - First of all, Pennsylvania has just one on 1400 homes in foreclosure compared with the national average of one in 600, according to the National Association of Realtors. So for once it's nice to be behind the rest of the country! However, these are creeping into our smaller markets. In the first half of the year, 11% of Penns Valley homes sold were those owned by banks. In Philipsburg, these accounted for 19% of sales and they were 21% of sales in Bald Eagle. We will continue to watch this situation and to hope that it doesn't get any worse.

- So what does our quick snapshot reveal? Overall, our county-wide market is strong and home prices will continue to increase, but this strength and growth are not spread evenly in all regions. While



State College and Bellefonte continue to shine, some slowdown is evident in our three smaller markets of Penns Valley, Bald Eagle, and Philipsburg-Osceola. As the national economy continues to recover, we should see concomitant recovery in our local markets as well. For more questions or concerns, please feel free to call or email.

Cheers!

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