



# Centre County Housing Market Trends

## 2010 January to June Snapshot

By Nancy VanLandingham, Realtor, ABR, CRS, GRI, GREEN, SRES

- With all of the national media reporting about the housing market, it is easy get swept up in negativity and believe that this down cycle has hit all local markets and that it will never end. Not so! The Centre County housing market continues to be strong and most houses have retained their value over the long run. It is harder to see short-term appreciation and many of the house flippers have found other projects to keep them busy. But if you think of your home first as a place to live and only second as an investment, your priorities will be in order and you may even sleep better at night!
- Let's take a few minutes to evaluate our local markets and how they have performed so far in 2010. In several ways, we are in better shape this year than we were in 2009. Across Centre County, 736 residential units closed this year (between January 1st and June 30th) compared with 666 in 2009 — that's more than a 10% increase. Average sale price is up just a bit also (from \$200,456 to \$202,578) and marketing time has decreased slightly from 104 days to 100 days. Homes are still selling for, on average, 97% of their listed price. All of these are hopeful signs.
- Zeroing in on the State College market, the numbers are equally heartening. Here 371 homes sold, a 10% increase from 337 in 2009, for an average price of \$255,023 (\$251,825 in 2009), and were marketed for just 88 days (down from 93 days in 2009). Sales in the State College market (State College Area School District) make up half of the total sales reported in the multi-list. This number used to be close to 60%, but over the last few years more listings from outside of Centre County have made their way into our multi-list. This segment now accounts for about 13-15% of total sales. As much as anything else, this is a testament to the power of our market and an example of the influence that State College has over a wide swath of central Pennsylvania. Even for those who live in surrounding counties, the State College/Bellefonte region is an employment magnet, tourist destination, and cultural wellspring.
- The Bellefonte market is solid and represents just over 20% of the first and second quarter sales. Here 154 homes sold — a 6% increase compared with 145 in 2009. Average sales price is up considerably — from \$172,787 to \$184,620 and marketing time has plummeted from 119 to 93 days. This fall in Days-on-Market is probably more important from a psychological than an economic point of view — it allows us to feel optimistic about the housing market in general and hopeful about long term trends.

- Bald Eagle Area is the only region to report fewer sales in 2010 than there were in 2009 (26 versus 35). However, this is a slim slice of the market (4-5%) and a few sales here and there can tip the scales. Average sales price has remained steady (\$126,109 versus \$126,882) and market time has decreased just a bit from 133 days to 128 days. We will need to keep our eye on this market to see what the second half of the year brings.
- The Penns Valley market has rebounded in volume with 41 sales this year compared with 24 in 2009. Like Bald Eagle, average price has remained steady (\$160,663 versus \$160,935) and market time has stepped back from 129 days to 126 days. This is another small segment accounting for just 6% of market share.
- Philipsburg-Osceola has show similar signs of recovery with 45 homes selling here compared with 27 last year. Average price is down from last year at this time (\$85,846 versus \$101,728) but more in line with traditional averages (approximately \$79,000 in 2008 and \$90,000 in 2007). In small markets like this, a few high end sales can bump up the average.
- Why am I optimistic about this market, you might ask. Let me delve deeper into one slice to help illustrate: homes in the State College market that sold for \$100,000 to \$199,999. As you might imagine, townhouses and condominiums make up a good chunk of this market — about 56% compared with 44% single family detached dwellings. This is the market for first time homebuyers (homes priced under \$100,000 are almost non-existent in State College). And first time homebuyers play a big part in driving the market. Historically, this is the most active market segment — going back to 2004 there were 243 sales in the first two quarters of the year, then 242 in 2005, 210 in 2006, and 187 in 2007. Some of the decrease can be accounted for as average home prices increased into the \$200,000s. But watch what happens next: this segment falls dramatically to 135 in 2008, and 128 in 2009, but then heads back up to 140 in 2010. It's small and maybe it's subtle, but in those 140 sales I see the signs of the returning confidence of first time homebuyers, helped by the government stimulus of course.
- To follow this a little further, first time homebuyers have been waiting in the wings for the past two years and renting while they read the national headlines about the housing crisis. We will need to watch it carefully, but if this trend continues, those first time homebuyers will spur a trickle-up effect — people who have lived in those starter homes and townhouses for 3-7 years will put them on the market and buy homes with more bedrooms, or a yard, or additional amenities to enjoy. And if the market works as projected, this will lead to more sales even in the top market segments. And THAT'S why I'm optimistic!

Questions? Alternate views? Feel free to contact me. Cheers!

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