

# Centre County Housing Market Trends

## 2007 Review and 2008 Preview

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

\* The national media would have you believe that housing markets all across the country are in a tailspin. But remember, all real estate is local, and our market here is in much better shape than those on the east and west coasts. Across Centre County, the housing market of 2007 behaved very much like the housing market of 2006. A total of 1562 homes sold through the countywide multi-list in 2007, compared with an almost identical 1556 in 2006. Both of these totals are down slightly (2.5%) from the 1602 homes that sold in 2005 (the last of the boom years). In the good news department, homes in the county sold for an average of \$202,000 (up from \$200,000 the year before and \$190,000 in 2005). We are indeed fortunate – in many areas of the country homes are selling for LESS than they did three years ago.

\* We certainly have a diverse housing market here in central Pennsylvania. The least expensive house that sold through our multi-list in 2007 was a two story “fixer-upper” in Karthaus (Clearfield County) with a sale price of \$10,000. And the most expensive was a 5500 square foot home in the Centre Hills neighborhood of State College that sold for \$925,000.

\* I want to say a few words about housing inventory. In many parts of the U.S., the number of houses on the market has risen by 200%, 300%, even 400% over the past two years. When I looked at the inventory in Centre County in September 2007, our inventory was indeed 40% higher than in September 2006. But a funny thing happened between September and December – those extra houses sold. The fourth quarter of 2007 was MUCH busier than the fourth quarter of 2006. The result is that the winter inventory (measured in the first week of January) has remained remarkably stable throughout the past three years – 561 homes are on the market in January 2008; 558 were on the market in January 2007, and 572 in January 2006. I consider this a measure of the strength and stability of the Centre County housing market.

\* State College still remains the hub of the real estate market with 56% of the overall residential sales. However, about 40 fewer homes sold in the State College area in 2007 compared with 2006 and in EACH of the other four school districts, sales increased by about 10 homes. These numbers are not huge, but they serve to illustrate the spillover effect of the State College market. In the years to come, I expect this spill over to continue to increase as State College gets increasingly built up and less land is available for future subdivisions.





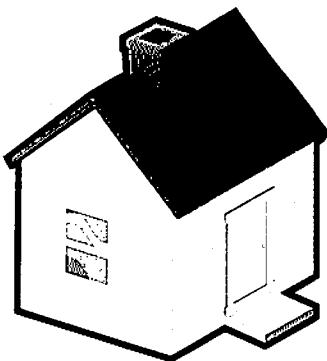
\* In 2007, 881 homes sold in the State College area for an average of \$242,000. In comparison, 924 homes sold in 2006 (\$237,000 average) and 970 in 2005 (\$223,000 average). In a trend that is true all over the county, these homes spent more time on the market. In the height of the real estate surge of 2003 to 2005, homes would sell in an average of 30 to 40 days; today average marketing time is two to three months – again, not bad when compared to some other regions of the country. Because of increased marketing time, it is more important than ever to price a home correctly to begin with, rather than start high and lower the price several times in order to attract a buyer.

\* Everyone is curious about the high end of the market and the larger homes out there. Last year there were 47 homes that sold for \$500,000 and over (46 in the State College area; 1 in Penns Valley). Homes with five or more bedrooms accounted for 52 sales in 2007, 47 sales in 2006, 45 sales in 2005, 68 sales in 2004, 54 sales in 2003, and 52 sales in 2002. In other words, over the last six years, close to the same numbers of these homes have sold regardless of what is happening to the rest of the market. And homes with four, five, or more bedrooms take the longest time to sell. Builders of high end spec houses ought to pay close attention to these statistics!



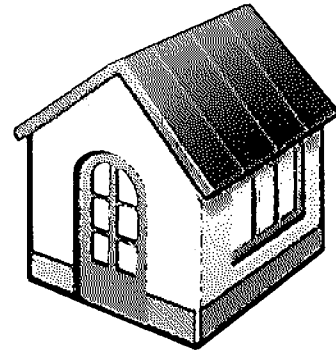
\* The Bellefonte market has shown steady growth over the past three years with total home sales increasing from 257 to 260 to 271 and average sales prices marching along from \$167,000 to \$174,000 to \$187,000. At the same time, marketing time has greatly increased from 50 to almost 90 days. So while sales are increasing, buyers are taking longer to make up their minds. With more houses to choose from, buyers don't feel the pressure to buy today or potentially lose their dream house. And with the many new developments outside of Bellefonte Borough, specifically in Benner, Spring, and Walker Townships, the Bellefonte school district now accounts for 17% of residential sales in Centre County.

\* Penns Valley has a small, but steady, residential market accounting for about 5% of the county. In 2007, 78 homes sold for an average of \$165,000 with an average market time of 73 days. Those figures are pretty close to the 2006 report (68 homes, \$172,000 average, and 70 days on market) and the 2005 report (71 homes, \$141,000 average, 71 days on market).

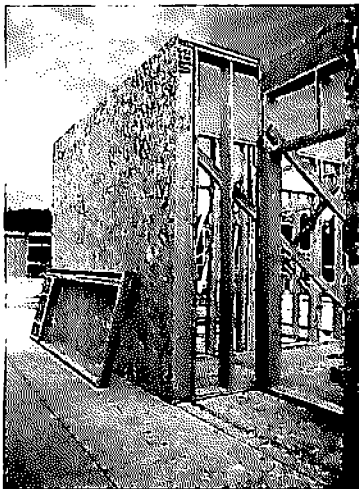


\* Bald Eagle Area is another small market with a few ups and downs. Last year 82 homes sold for an average of \$127,000. This compares with 69 homes in 2006 (\$114,000 average) and 85 homes in 2005 (\$131,000 average). Marketing time stayed steady at about 70 days. The most expensive property in Bald Eagle that closed last year was a four bedroom home on 10 acres that sold for \$305,000.

\* The Philipsburg-Osceola market has grown slightly over the past three years with 83 homes sold in 2005, 87 homes sold in 2006, and 98 homes sold in 2007. Average prices have increased just slightly over this time period from \$87,000 to \$90,000 and marketing time has increased from 85 days to 100 days. This small market (6% of the county) is made up almost entirely of existing housing stock. It will be interesting to see if the large State College developers expand into this market over the coming years as land is still affordable here and the travel time to State College will decrease in the future.



\* Finally, for those of you adding up these totals, 10% of residential sales in the Centre County multi-list come from outside of these five main school districts and from outside of the County. In 2007, 152 home sales fit this category for an average of \$124,000. I believe that this is a good illustration of the influence of the State College-Bellefonte market in central Pennsylvania. State College is an employment hub and a sizeable proportion of these employees live outside Centre County. So, increasingly, they look to the Centre County multi-list to find homes in the more affordable markets outside of the county.



\* So what's ahead for 2008? Interest rates that crept up through the first three quarters of 2007 took a nice dive in the fourth quarter and probably helped us locally with a good year end finish. Economists are predicting that the 30-year fixed-rate mortgage could rise to 6.3% by the end of 2008. That's good news for home buyers. We should see housing units sold stay steady and average price of houses continue to increase slowly – perhaps to an average of \$205,000 - \$210,000. I also expect to see market time stay steady or even decrease as the inventory of higher end homes decreases as homes are sold and builders don't replace them with additional spec homes. And I think we will see the Bellefonte market continue to grow and gain market share, particularly with new housing developments. Investors could look for good deals right now in Bald Eagle, Philipsburg,

and Tyrone. When Interstate 99 is completed (perhaps by the end of 2008) we may see higher than normal appreciation in these markets.

Don't hesitate to contact me with your real estate market questions and concerns, and have a great 2008 – whether you buy or sell or just stay put!

Cheers!  
Nancy V.

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