



**BERKSHIRE
HATHAWAY**

HomeServices

KoenigRubloff

Realty Group

Coming Spring 2014

How's the Market?

December, 2013

We hear this question all the time, and we're sure you do too. We thought you might like to know how we look at our current market conditions.

The real estate market improved considerably in 2013. Closed and pending sales increased dramatically in most segments of the market. According to BrokerMetrics®, which pulls data from the local multiple listing service, Prudential Rubloff and Koenig & Strey were up 26% in total closed volume year to date in 2013 over 2012. Year to date, our listings under contract, which is a more accurate reflection of current market conditions than closed sales, are up an amazing 25% over pending sales for the same period in 2012. It's also interesting to note that the Days on Market have fallen from 162 days to 106 days. Agents' biggest complaint in most markets continues to be too little inventory of homes on the market.

PRICES

Year to date in 2013, average closed price increased 8.7%. Existing home inventory fell 7% year to date to a 5.9-month supply. We project an increase in average sale price of about 5 to 10% for 2014, largely due to an increase in higher-end sales, fewer distressed-property sales, and lack of inventory.

INTEREST RATES

Volatility and liquidity in the market have resulted in interest-rate fluctuations. While we have seen rates climb, it is important to note that both 30- and 15-year fixed-rate mortgages are still at near historically low and extremely attractive levels. Qualification standards have eased somewhat, and the vast majority of those who apply qualify for some type of financing as a result. The combination of low prices and low interest rates makes it a great time for qualified buyers. Through Wells Fargo, we have a broad array of competitive programs.

OUTLOOK FOR SELLERS

This is the strongest sellers' market we have seen since the downturn, with multiple offers becoming more commonplace. Sellers would still be well advised to price conservatively, however, if for no other reason than the fact that appraisals tend to lag the market. It does no good to agree to a contract at a price that appraisers cannot support, and then have the transaction fall apart, costing valuable marketing time. Short sales and foreclosures, while declining, will continue to be factors that appraisers have to take into account. The economy is improving, though conditions both here and abroad continue to be factor.

OUTLOOK FOR BUYERS

We expect to see continued strong sales activity in the market. Buyers are well advised to make their highest and best offers immediately, as inventories continue to be tight and homes are selling quickly.

IN SUMMARY:

- Strong sales activity in most market segments
- General feeling of optimism among real estate professionals
- Improving consumer confidence, though there is still concern over economic conditions here and abroad with employment being a significant contributor
- Favorable interest rates continue at near historically low levels that should remain so through the first part of 2014
- Inventory shortages resulting in multiple offers and rising prices
- A great time for qualified buyers, but they will have to act quickly or lose out
- Sellers should continue to price conservatively and do everything they can to make their homes outshine the competition.

- Nancy Nagy, Michael Pierson and Chris Eigel