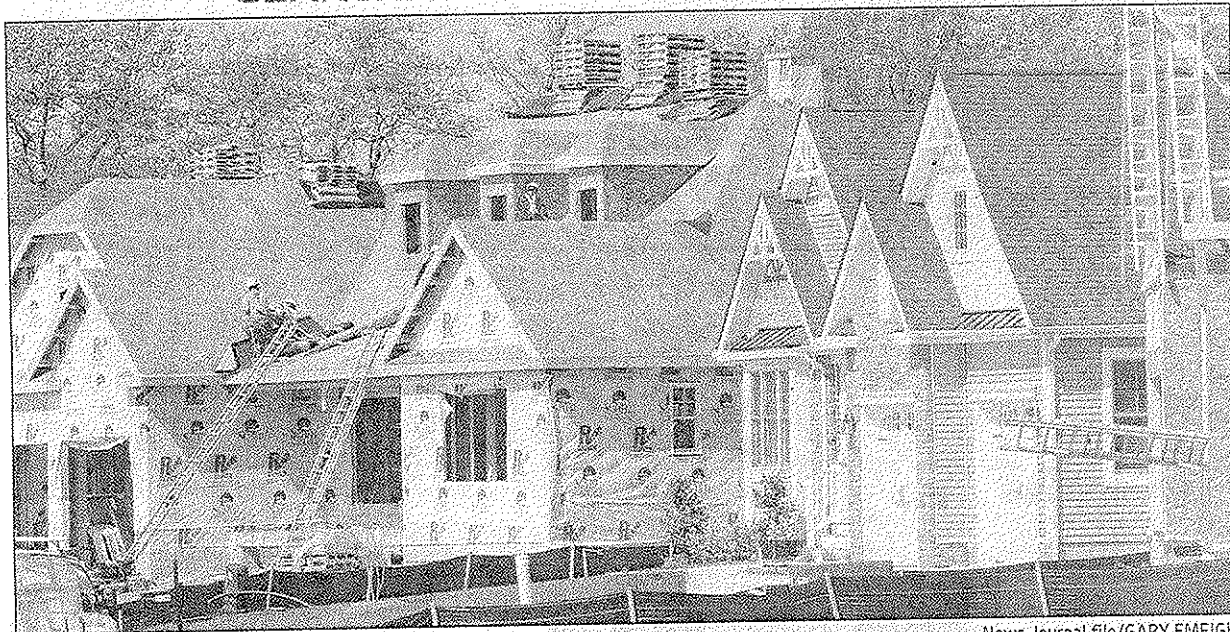


SEARCHING FOR SIGNS OF RECOVERY



News Journal file/GARY EMEIGH

Houses are shown under construction in Lewes in April. Natural forces have now returned to the housing market after snow in the first half of the year killed the market, followed by the first-time homebuyer credit, which pumped up sales.

For home sales, Realtors are looking to the future

After tax credit skews numbers, industry doesn't know what's in store

By ERIC RUTH
The News Journal

The real question isn't how well the Delaware residential real estate market performed over the past six months. Realtors are more concerned about what's going to happen in the next six months.

A look at the first half of 2010 reveals a time that was skewed by some unusual conditions, Realtors said Wednesday. An epic snowstorm essentially killed the market at the start of the year, and the federal tax credit for first-time buyers compressed demand into a few fast-and-furious months.

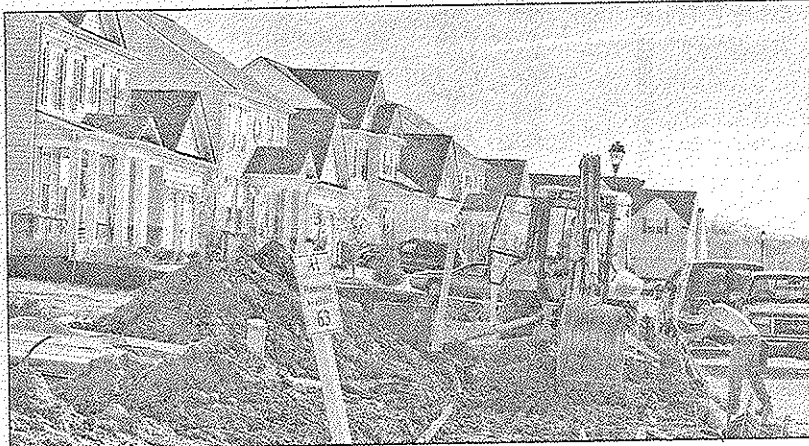
As a result, compared with the comparable period in 2009, sales soared 18 percent in Kent and New Castle counties combined; 25 percent in Sussex. Now that natural market forces have returned, Realtors say, the next half year will be the true measure of recovery.

At the same time, the first six months did reveal some shifting dynamics, both good and bad.

The Newark-Glasgow area had the highest number of homes sold in the greater Philadelphia region - 722, up 16.8 percent over 2009 - and the Elsmere-Newport-Pike Creek area wasn't far behind - 397, up 35.5 percent, according to a report by Prudential Fox and Roach. Interest rates fell to record lows, but many people struggled to qualify for a mortgage and get a suitable appraisal.

"Finding a buyer is one thing, and getting it to settlement is another," said Joe Pluscht, general manager for Patterson-Schwartz Real Estate.

Because inventory continues to increase and demand is lower than it was when tax breaks were avail-



News Journal file/ROBERT CRAIG

Construction crews work to put up new homes in April in Glasgow. Cynthia Witt, co-owner of Woodburn Realty in Dover, says buyers are looking for newer houses.

able, the downward pressure on prices probably hasn't abated, Realtors said.

"Prices have been trending up gradually this year. But we're still below last year," said Cynthia Witt, co-owner of Woodburn Realty in Dover and a longtime analyst of market conditions. "So maybe we've hit the bottom and we're starting to come up, I'm hoping."

New Castle County sales prices were off 4.5 percent year-over-year; Sussex prices were up a mere 0.7 percent over 2009. Kent's year-over-year prices were unavailable.

In New Castle County, median sales prices rose from \$210,000 in April to \$225,000 in June, but Pluscht attributes that to better-funded buyers entering the market to take advantage of a new tax credit for existing homeowners. In March, signed contracts were up 39 percent, and in April, soared 57 percent from the pre-

vious year. But once the tax credit ended, the numbers fell off a cliff. May contracts were off 36 percent, June was down 39 percent. Dynamics were similar in Kent County.

Even with the spring boost from the tax credit, sales were well off the boom days - throughout the Philadelphia market, deals were down 33.8 percent from 2007, the Prudential Fox and Roach report said.

After two and a half years of pain, sellers are becoming more realistic about pricing, but buyers remain particular - newer is almost always better these days, especially among younger buyers, Witt said.

"It has to be better than what their parents spent their lifetimes working to have," she said. "When I started in this business, an old house was 200 years old. Now an old house is 5 years old."

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