

# Maine Residential Real Estate Forecast for 2014

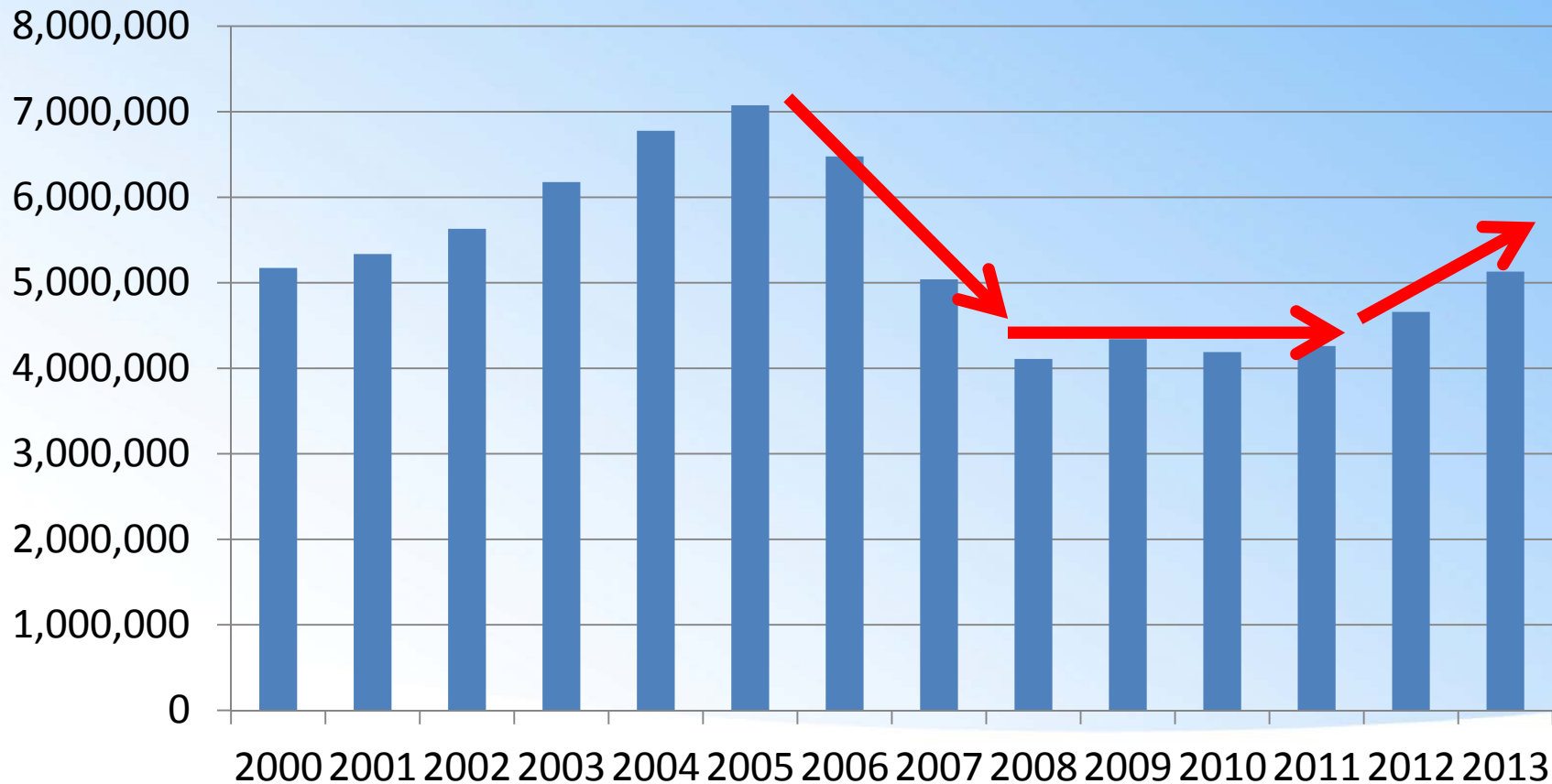
Mike LePage  
RE/MAX Heritage

# The DC Factor

- Washington Policies so far ... Too Restrictive
  - Rising g-fees and FHA insurance premiums
  - Uncertainty about QM down payment requirement/Dodd-Frank?
- Mortgages Have Performed Outstandingly
  - Not because of Washington policies
  - But because of home price increases
- New Restriction with PATH (Protecting American Taxpayers and Homeowners)

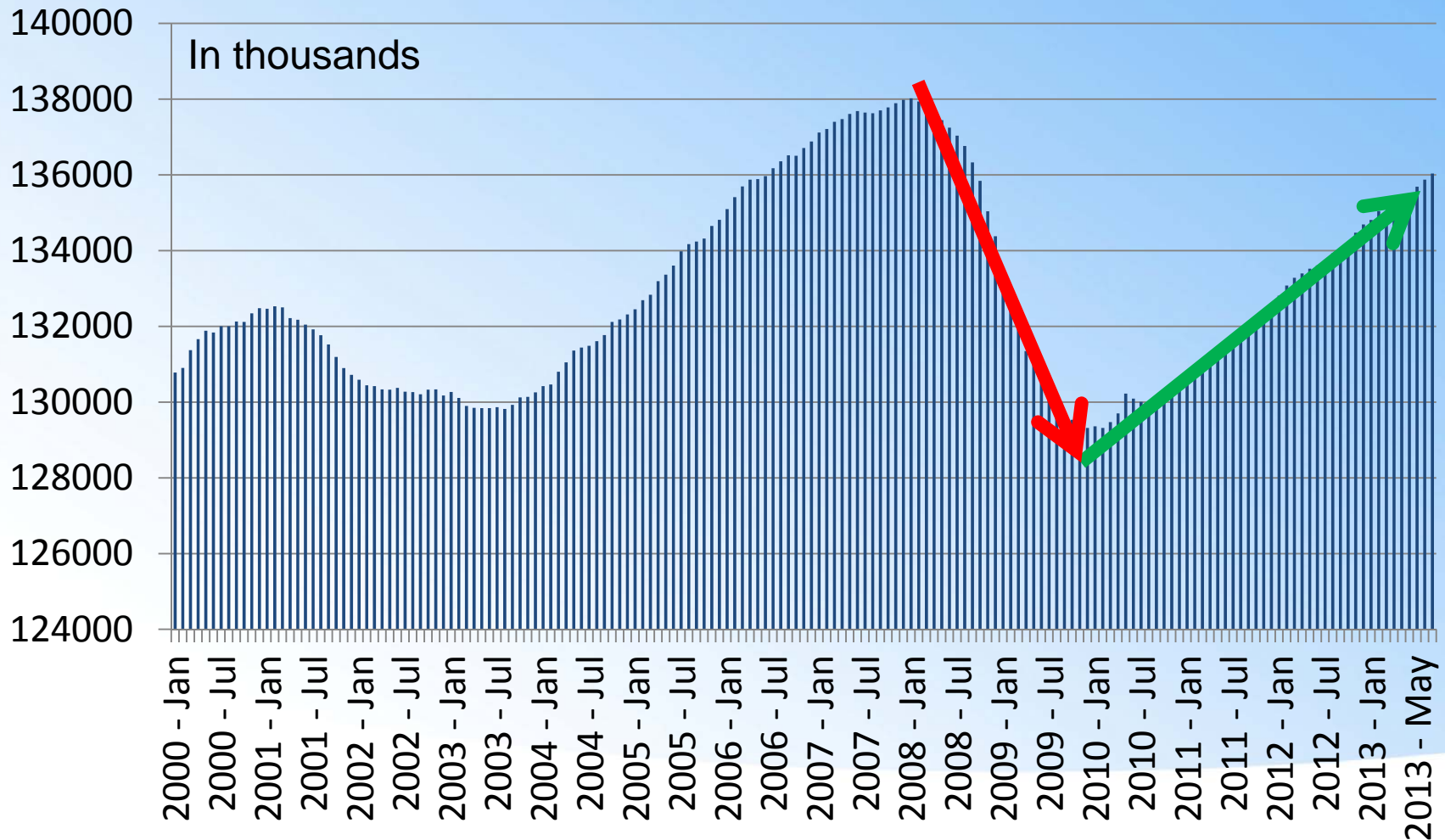
# Existing Home Sales

20% cumulative increase over 2 years



# U.S. Total Payroll Jobs

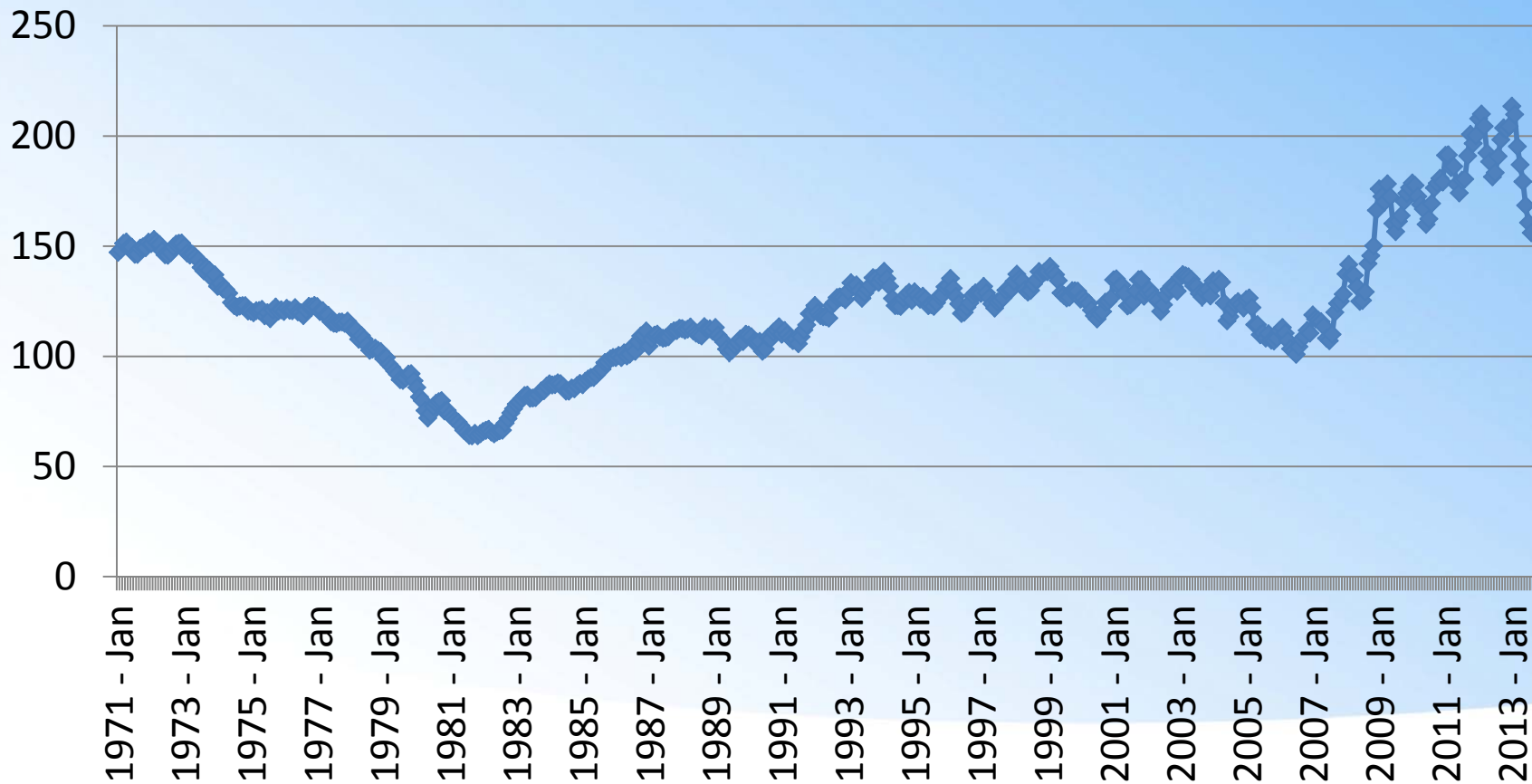
(8 million lost ... 7 million gained)



# Maine Total Jobs



# Falling Affordability to 5-year Low But still 5<sup>th</sup> best in 40 years

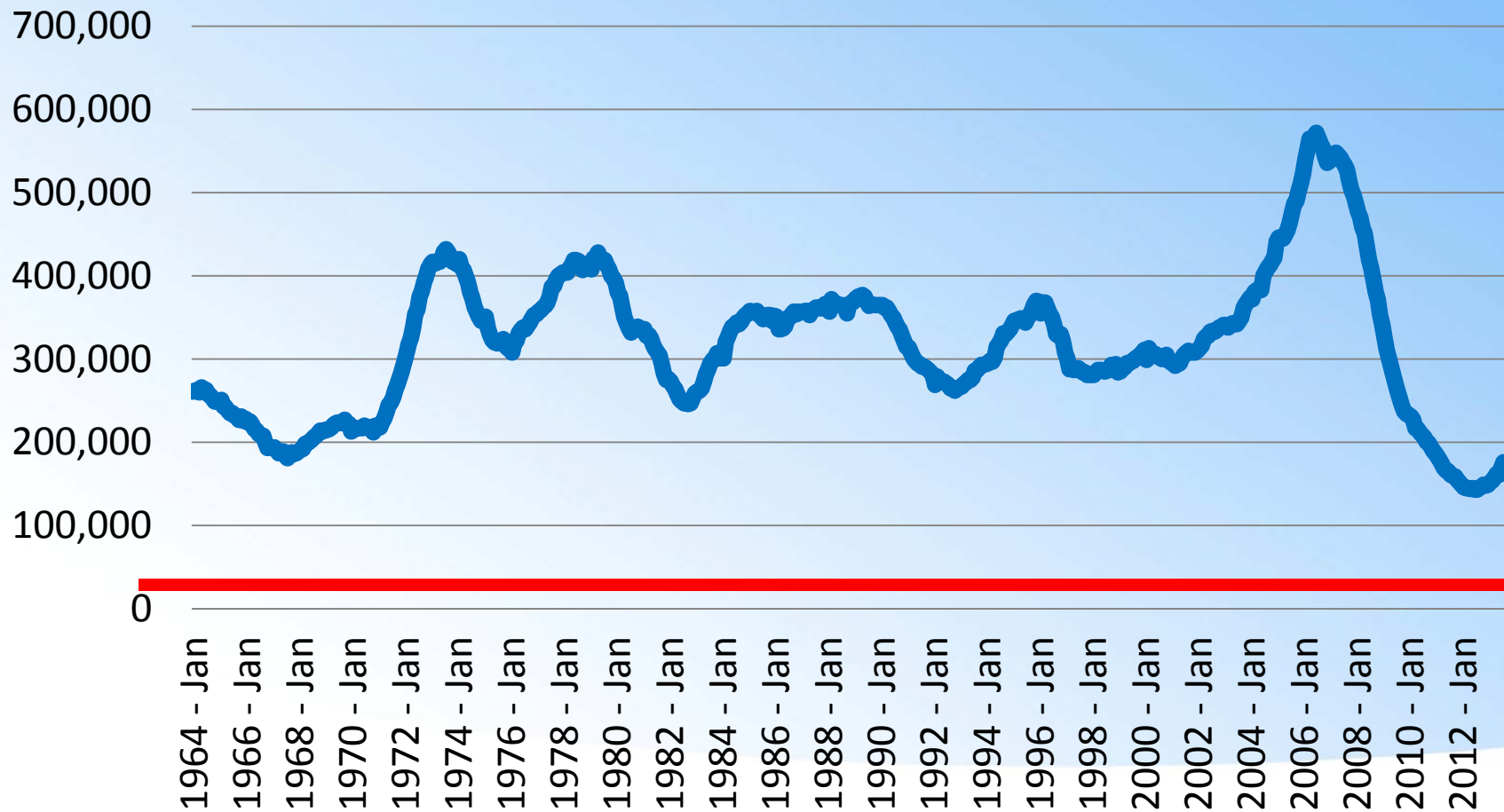


# Inevitable Rise in Mortgage Rates will further hurt Affordability (30-yr rate have been below 6% for 5 years)



# New Home Inventory

(Newly Constructed Homes Inventory at near 50-year low)





# Shadow Inventory in Maine

(Mortgages Late 90+ day or in foreclosure process)

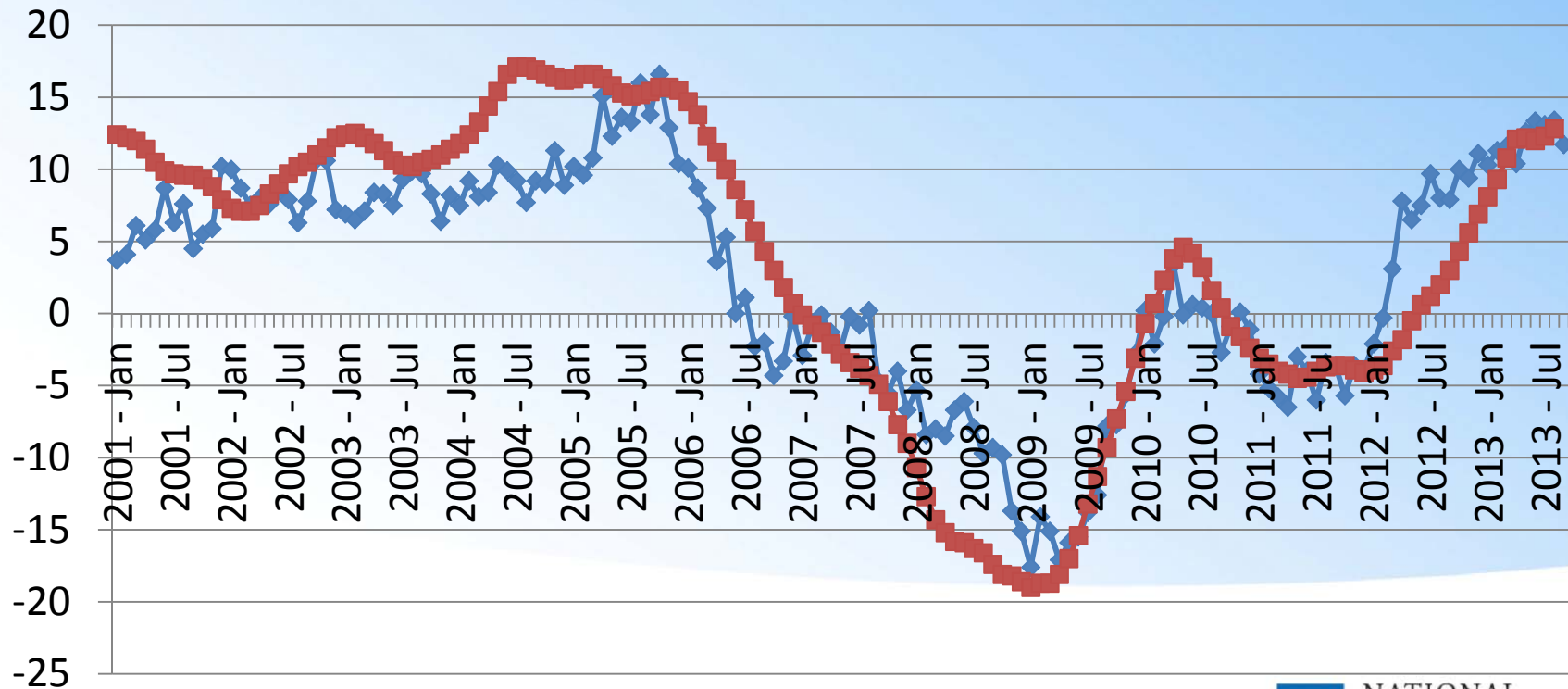


# Rising Home Prices Because of Lack of Inventory

(% change from one year ago)

**Blue = NAR Median Price**

**Red = Case-Shiller Index**

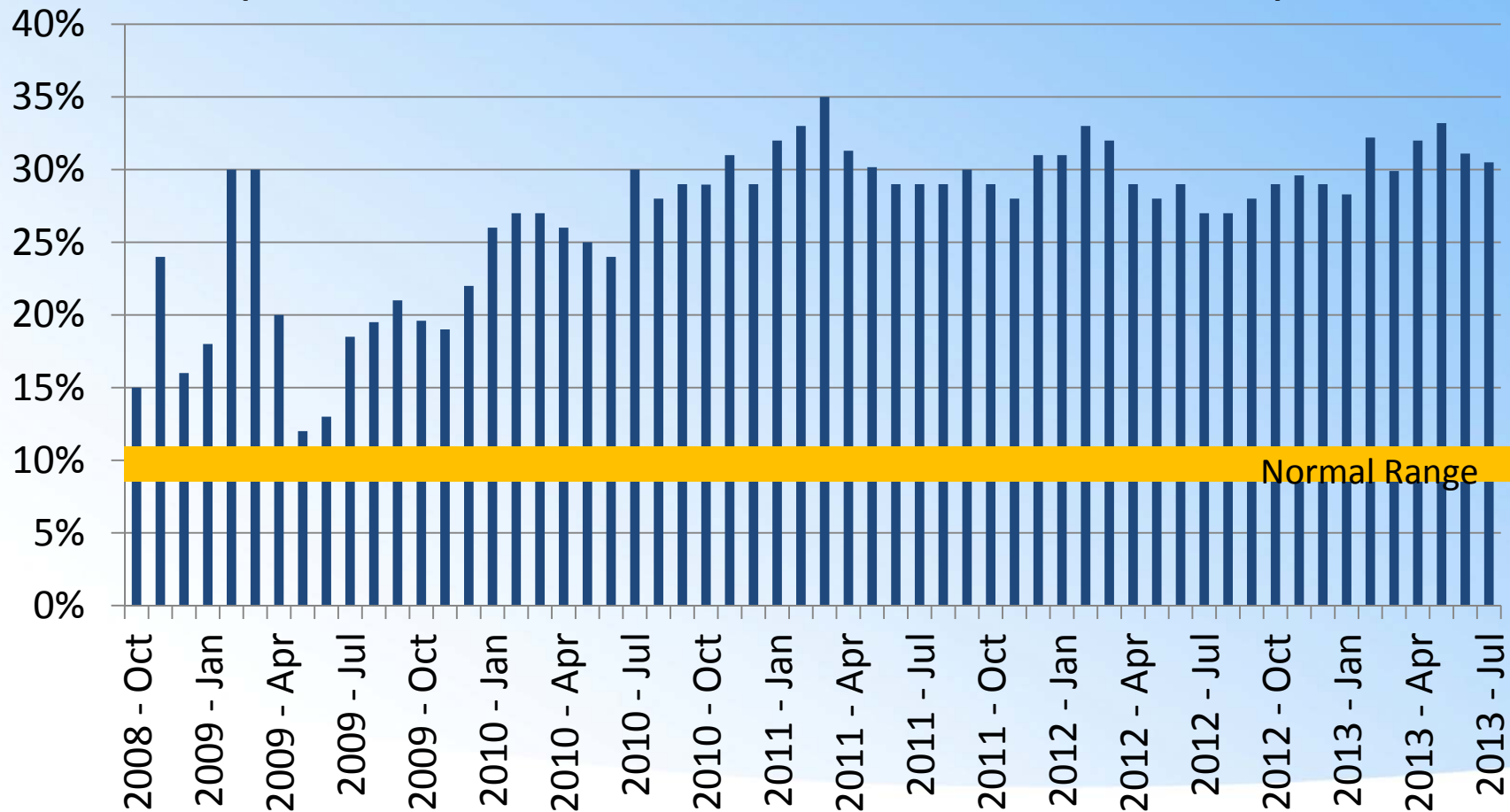


# Maine Housing Statistics

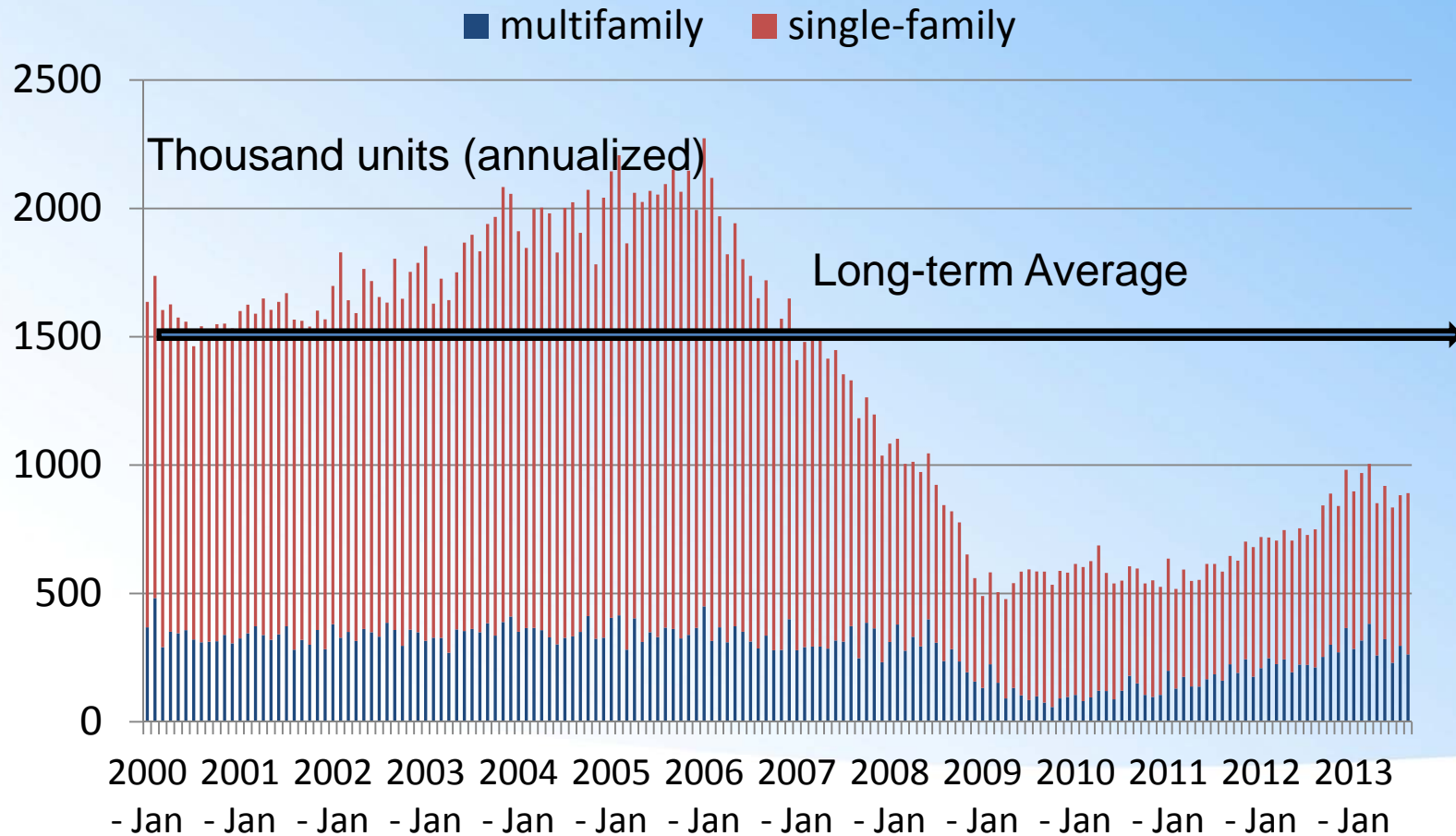
- Closed Sales Q1, Q2, and Q3  
Up +16% year-to-date from 1 year ago
- Median Prices in Q3  
Up +5% from 1 year ago

# All-Cash Buyers Stayed High ... even when mortgages were cheap

(Cash share as % of total home sales)

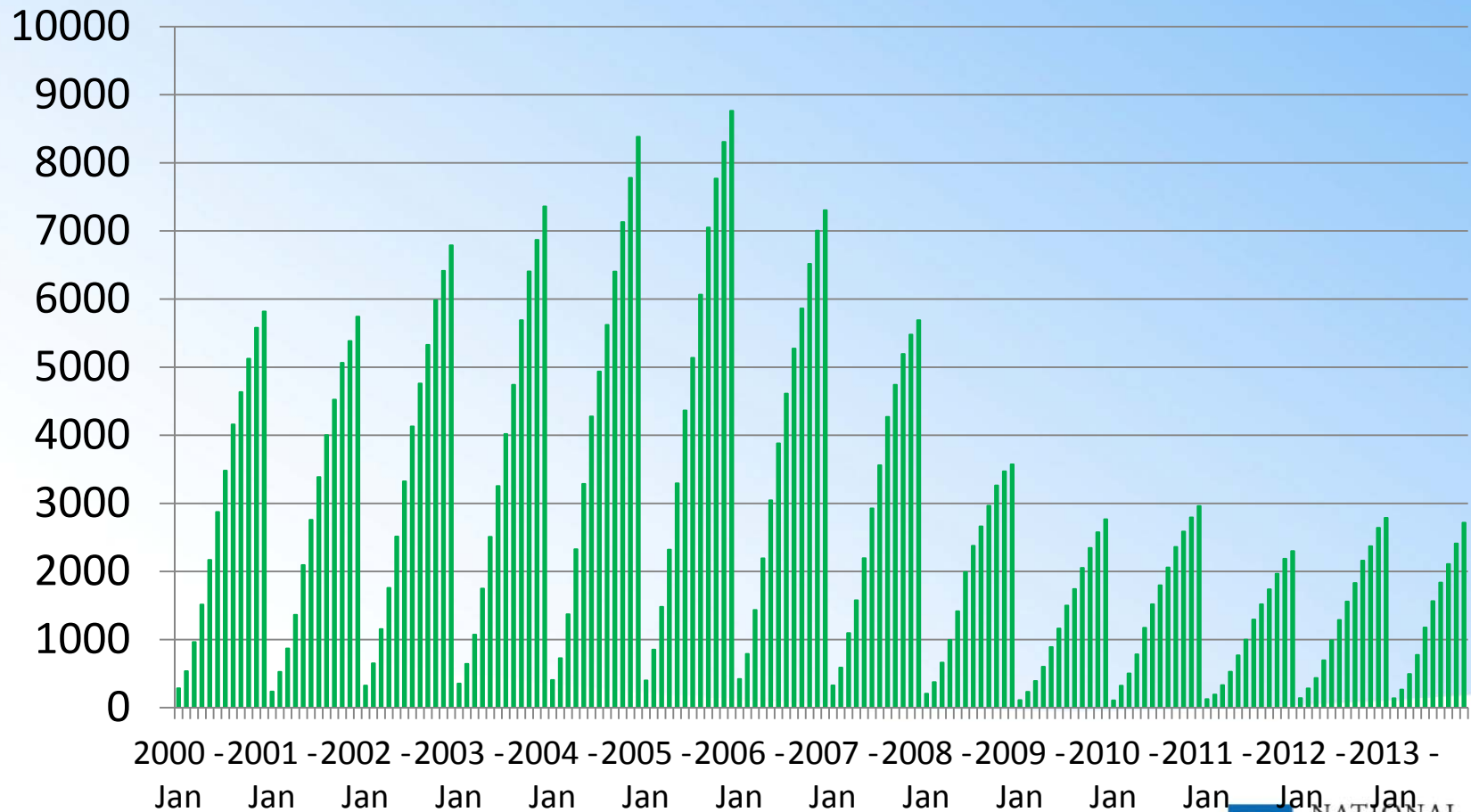


# Housing Starts Prime to Rebound? If Not We'll Have an Inventory Shortage

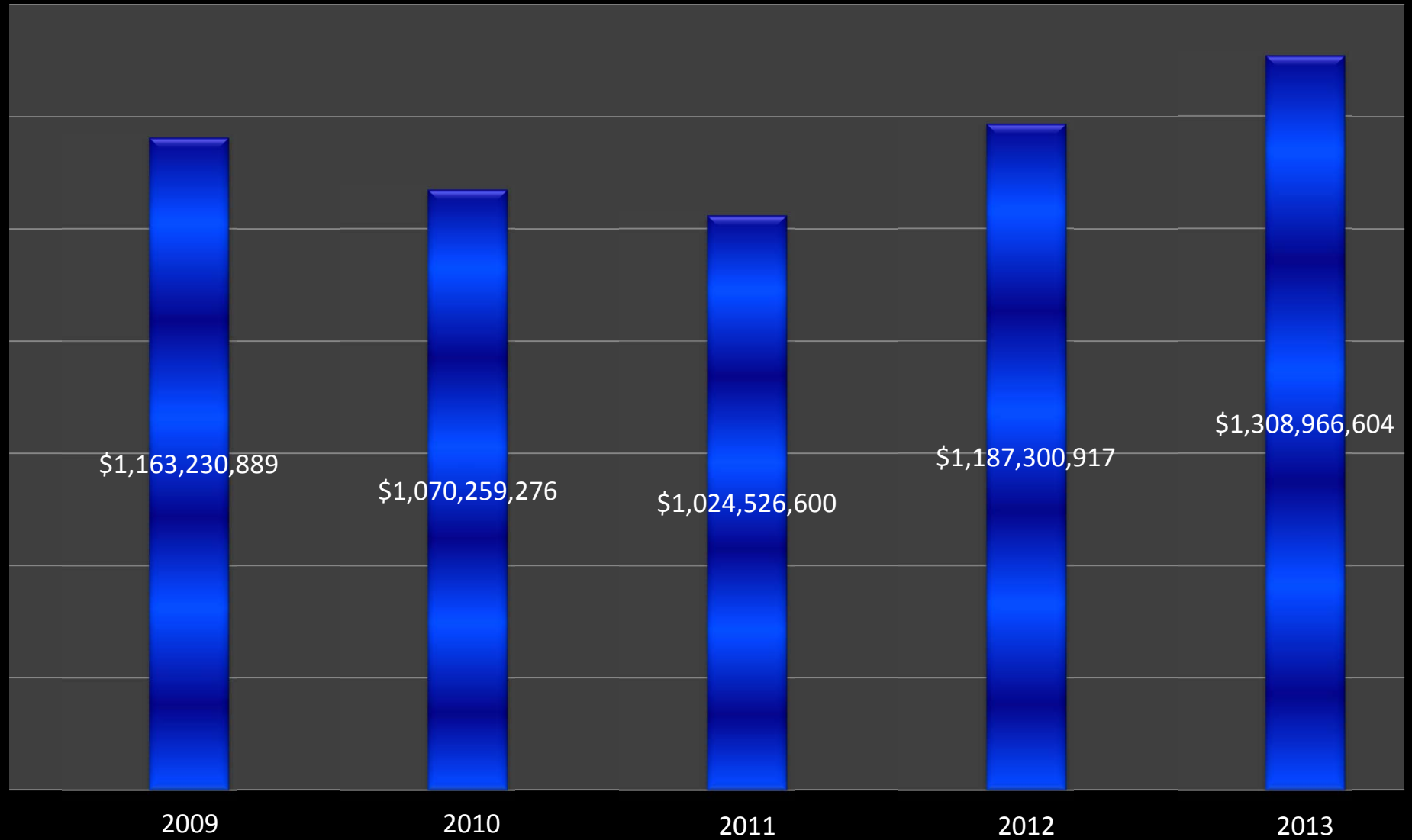


# Maine Housing Permits

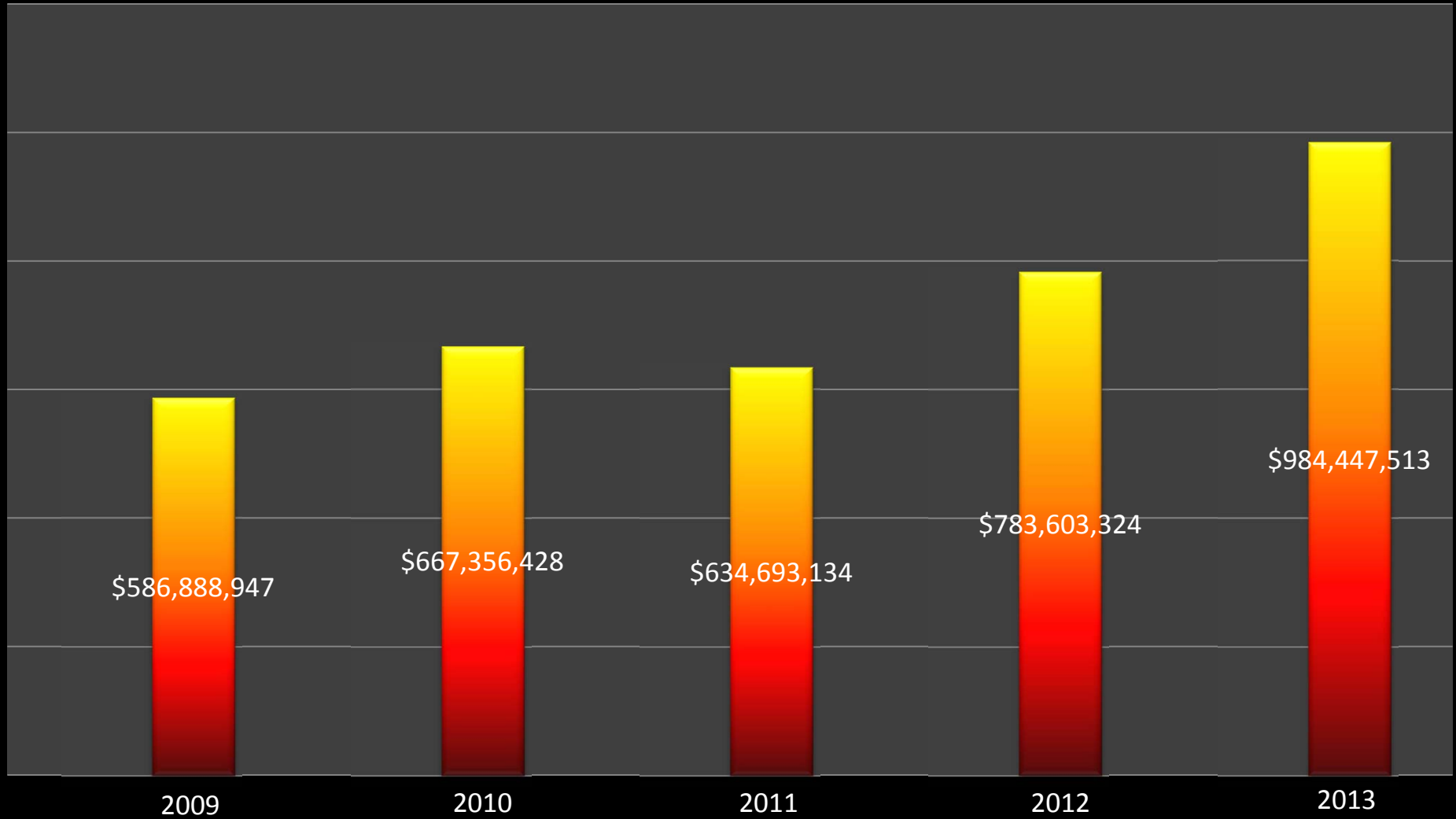
(year-to-date)



# State of Maine - Single Family - Sale Price \$0 to \$249,999 By Dollar Volume

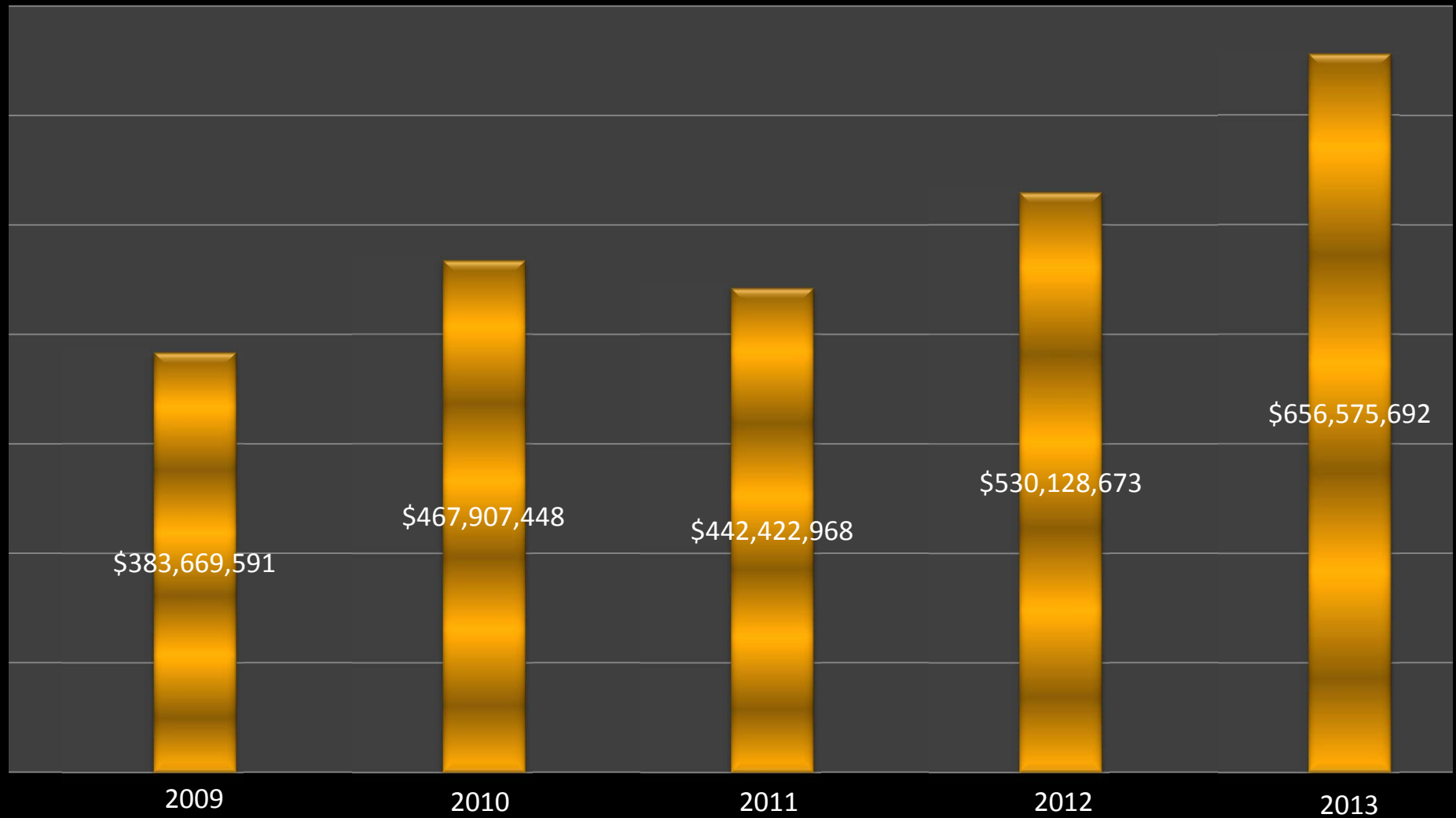


# State of Maine - Single Family - Sale Price \$250,000 to \$499,999 - By Dollar Volume

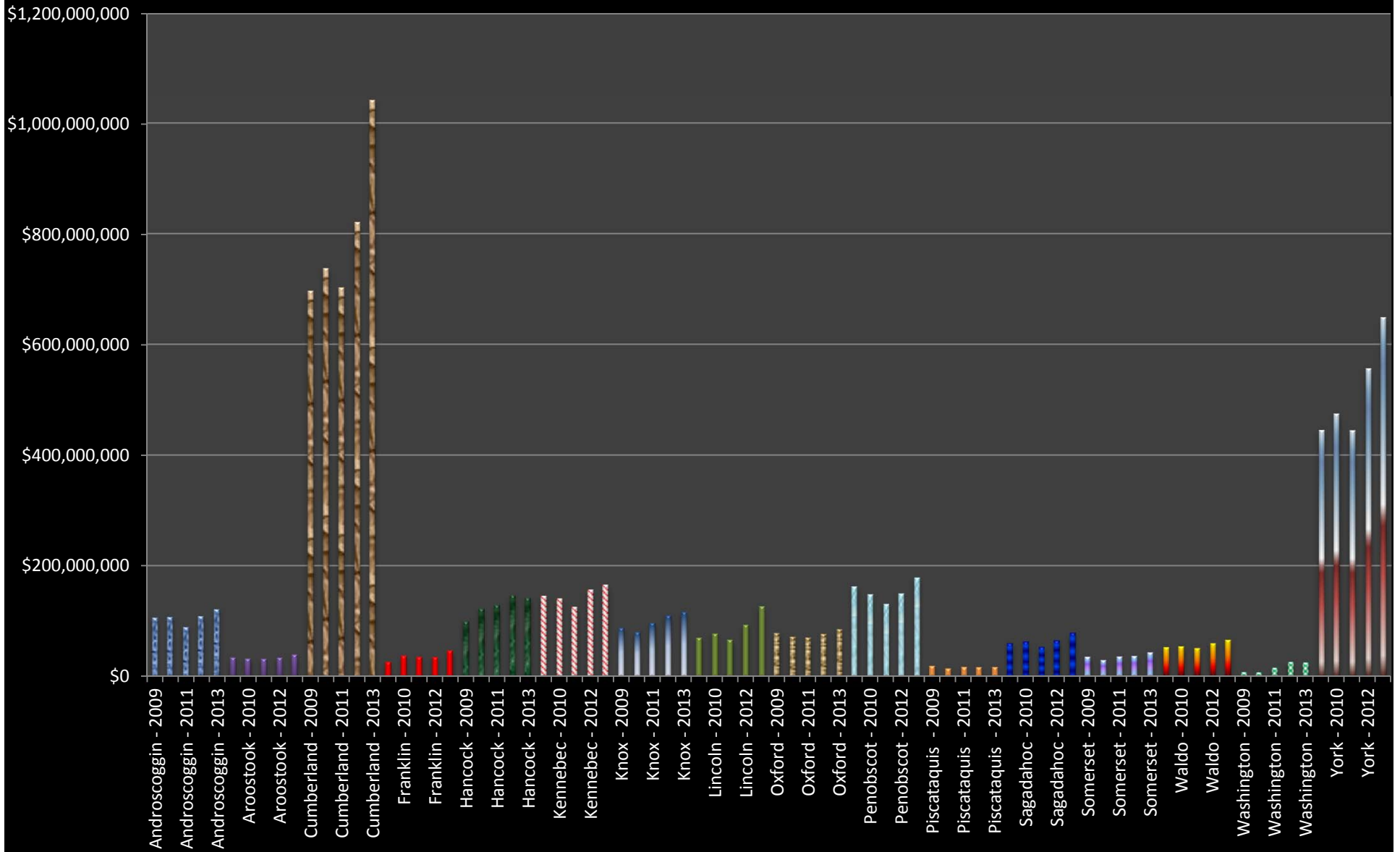




## State of Maine - Single Family - Sale Price \$500,000+ By Dollar Volume



# All County Single Family Sales By Dollar Volume



Based on information from the Maine Real Estate Information System, Inc. for the period January 1, 2009 through December 31, 2013.

# What to expect in 2014

(Mortgage Rates to over 5.0% by end of 2014)

	<b>2014 forecast</b>
National Existing Home Sales	0%
National Median Price	+6%
Maine was slower in recovery and still in recovery with no flat-line forecast	+3 to 5% in sales  +2 to 4% in prices

# 2014 – Same as it ever was and if you build it will they come?

- Stabilization – Prices and Sales
- Moderate grow for Both
- High End continued resurgence
- New Construction growth up for S.F. Homes and Condos
- Interest rates move into the Fives
- Affordability strong enough to move sales up modestly.

# 25 Years from now?

Looking back 25 years ago tells you something

- We had those big books that came out once a week as the only tool to know what was on the market and everybody knew each other
- 25 Years from now? It will be virtually virtual
- The industry will still exist – more complexity
- Technology will make it all seem easier . . .

Concern over what the consumer will lose