

Vermont's housing market stuck in a holding pattern

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Maura Collins of the Vermont Housing Finance Authority stands next to a home for sale on Myrtle Street in Burlington on Thursday. / GLENN RUSSELL, Free Press

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While much of the rest of the nation faces a double dip in single-family home prices, with sales of foreclosed and bank-owned properties pushing prices below previous lows in March 2009, Vermont is once again the exception to the rule, as it was in the foreclosure crisis.

“Our experience has certainly been more favorable than the national trends in terms of pricing,” said Steve Allen of Allen & Brooks, Inc., a real estate advisory firm in South Burlington. “We did see nominal declines from say, 2006 to 2009, but in 2010 the median price regained that ground.”

Allen said the median price of a single-family house in Chittenden County was up 4 percent in 2010 to \$265,000, although it has dropped to \$256,000 in 2011 according to statistics through April 30. That’s down about 3.5 percent, moving it back closer to the 2009 median value of \$255,000. Allen attributes the uptick in median price in 2010 to stricter lending requirements that eliminated many of the buyers in the low end of the housing market, shifting a larger proportion of sales to more expensive houses, and boosting the median price.

For the remainder of 2011, Allen & Brooks is forecasting low overall sales volume of single-family homes in Chittenden County, with stable pricing, but the potential for declines in price of up to 5 percent.

Meanwhile, a recent report from California-based Clear Capital, which advises large financial services companies on the real estate market nationwide, reported that national home prices have fallen 11.5 percent over the previous nine-month period, “a rate of decline not experienced since 2008.”

The double dip nationally has seen home prices fall 0.7 percent below prior lows in March 2009. Also, the proportion of total sales that are bank-owned, or REO, sales – 34.5 percent nationally — is a particular cause for concern, according to Clear Capital, because it weighs down prices.

Along with relatively stable prices, Vermont has one of the lowest foreclosure rates in the country — 3.3 percent compared with 8.3 percent nationwide — according to Lender Processing Services Mortgage Performance Data.

Maura Collins, policy and planning manager for the Vermont Housing Finance Authority, said Vermont’s reliance on community banks, which remained careful in their lending practices when

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bigger banks and mortgage companies were playing fast and loose with underwriting guidelines, helped Vermont avoid the foreclosure mess. She credited "Yankee conservatism" with making Vermonters suspicious of loan products they didn't understand.

"It's also our rural demographics," Collins said. "We weren't a prime market for subprime lending. We were the fourth lowest state for originations of subprime loans. We don't have urban centers or minority populations, some of the characteristics predatory lenders preyed upon."

Collins said that while she doesn't see a double dip in Vermont, housing prices continue to fall in most of the state outside of Chittenden County.

"In 2010, we found the statewide median price of a home recovered by 2 percent, but when you look at the broader picture, prices are still falling in most of the state," Collins said.

Collins said only Chittenden and Washington counties had increases in median price in 2010, with prices in Washington County up by 3 percent. Orange County was flat, she said, and every other county saw decreases in price of 2 percent to 3 percent.

"Volumes are still way down," Collins said. "Nothing is moving."



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