

HOUSING MARKET

LOCAL APPRAISER REMAINS CAUTIOUSLY OPTIMISTIC

By ED WATERS JR. News-Post Staff

ewaters@fredericknewspost.com

An outspoken local appraiser gave a cautiously optimistic outlook for the market Thursday. Wayne Six addressed a packed room of more than 100 real estate professionals at Dutch's Daughter Restaurant, saying "there is a ray of sunshine in the storm."

Six was referring to the current housing market where prices are falling and foreclosures are rising, along with expenses.

He noted there were only 375 houses on the market in Frederick County on June 2005. That was the turning point for the housing market.

"We knew it was coming. For several years we had prices going up 20 percent a year. Did anyone's income go up 20 percent a year?" Six said. "A normal market for Frederick County is 1,000 to 1,200 houses. Having 375 was bad, it meant people bidding on properties and a lot of unhappy people."

Inventory as of March 3 was 1,900 homes, he said, down from 2,500 in September.

"It might level off quicker than we thought," Six said of the inventory of unsold homes. "But I'm also worried that everyone and his brother is waiting to put their house on the market."

NOT SO GOOD OVERALL

His overall view of the housing climate was 10 percent good, 90 percent not so good.

A declining market won't immediately change to an increasing one, he said. There is a nine-month period where it will level off. He wouldn't pin down any forecast as to when that level market could be met in Frederick County.

"It could be by the end of the year," Six said, adding that there are always uncertainties.

While the housing market in general is stalled, lots for sale have been hit especially hard.

"Builders are even selling lots," Six said.

While he didn't want to see builders suffer, "not building new houses keeps the inventory down."

More than 400 lots are on the market in the county. Six forecast a shortage of lots in the future because of a move by the county commissioner to implement a partial moratorium on new home building.

Foreclosures are adding to the inventory, Six said — not a positive move for the real estate market.

"The cows are out of the barn and (Realtors) are getting blamed for letting the door open," he said referring to foreclosures.

Six called many property owners "big hat, no cattle."

"They have a big house, big car, swimming pool, but no equity" and are constantly refinancing to keep afloat.

REALTY SIGNS

Another bad sign is that more unfinished houses are coming on the market, Six said, prompting him to offer the following advice to the Realtors:

"When you try to sell that, you need to knock off more than just the cost of finishing the house," he said.

Sometimes the location of the property can make a difference. A house may be way out there, Six said, and people will consider the cost of gas and other expenses to get to from their home to work and shopping, schools and other locations.

In downtown Frederick, parking is a problem.

"I was appraising a house on Church Street and adjusted the price by \$45,000 because there was no parking. A lot of people won't even look downtown unless you have parking," Six said.

Sometimes spaces are available, but they can cost up to \$25,000 on a "condo basis."

One misunderstanding about downtown Frederick, he said, is the value of business office zoning. People think they can charge a premium if the property is zoned for that, such as Fourth Street, but "if there is no demand for business use, there is no premium just because of the zoning."

Six said many people think condos are a specific type of dwelling, but it is in reality the type of

ownership and contract on the property.

TAX BURDEN

Taxes continue to be "a concrete block around our ankle" in Frederick County, Six said, "but there is not a whole lot we can do about it."

He said with falling property values, more people will be apt to appeal their property tax assessments and bills.

Someone moving from a townhouse to a single family home can find a bargain, he said, because townhouse prices fell less than those for single family dwellings.

He gave an example of a house in Clover Ridge, built in 2005 and sold then for \$600,000. It just sold for less than \$400,000.

Six joked about constantly being at work, even while on vacation. He said he took his wife to historic Chestertown for a Valentine's Day getaway.

"Of course, she gets upset because I take the (real estate) trend reports with me and read them in bed at night."



WAYNE SIX