

MARKET TRENDS IN RESIDENTIAL REAL ESTATE, SHREVEPORT-BOSSIER

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By

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Overview: Annual sales for 2008 decreased over the year 2007 both in dollar amount and in number of sales. The \$623 M 2008 dollar volume is 14% lower than for 2007, while the number of sales, (4,052), represents a 17% decrease from 2007.

The third **quarter 2009** sales dollar volume was up and the number of sales was down from the third quarter of 2009; the cumulative totals for the first nine months of 2009 were also significantly lower than for 2008 both in dollar volume and number of sales.

The following quarterly trends in real estate are based upon total single-family residential sales data reported through the Shreveport-Bossier Multiple Listing Service.

Total Dollar Volume of Sales: The total volume for 2009 third quarter sales of \$185M increased by 3.5% from the third quarter of 2008; in **constant** dollars (adjusted for inflation by the CPI index), the sales volume also increased by \$4 million in the third quarter of 2009 to \$85.6 million.

Number of Sales: The 1,103 sales reported for the third quarter of 2009 represents a 3.5% decrease over the third quarter of 2008.

Annual sales in 1994 were 3,479 units. This decreased to 3,296 in 1995, increased to 3,404 in 1996, declined to 3,182 in 1997, increased again in 1998 to 3,619, rose to an all time high of 5,152 in

2006 and dropped to 4,052 in 2008. Previous experience has shown that the second and third quarters regularly have the highest sales for the year, while the first and fourth quarters are generally the lowest.

Average Sales Price: On a quarterly basis, the third quarter 2009 average price of \$167,336 was 7.6% higher than the third quarter of 2008. These averages include all residential properties, but are not adjusted for quality or quantity. A decline or rise from one quarter to the next does not necessarily indicate rising or falling prices since home size and age is not accounted for. The trend over several years does provide a good indication of average price changes for the area.

Active Listings at End of Quarter: Active listings at the end of the third quarter of 2009 numbered 1,729, down from the 2,233 in the third quarter of 2008. The number of listings is more relevant when viewed in relation to the number of sales. This ratio, which indicates how many quarters it might take to sell the current listings, is currently at 1.57, is down from 2.10 in second quarter of 2009. This value indicates it would take about 5 months to sell all current listings.

One thousand six hundred and seventy residential listings were added during the second quarter of 2009.

Mortgage Rates: Mortgage rates declined from 1989-1993, increased during 1995, averaging 9.13% in the first quarter of 1995, and have dropped in recent years, averaging 6.36% for 2005 and increasing to 6.52% for the year 2007. Rates dropped for the third quarter of 2009, averaging about 5.00%.

Affordability: An estimate of housing affordability is shown as the amount of income necessary to purchase an average price home in the area. The average effective interest rate for fixed

rate mortgages with 80 percent financing for a 30-year mortgage, where 25 percent of income is allowed for mortgage payments are assumptions used to estimate the income needed to purchase an average home.

In 1989 the income required was \$23,200; for the second quarter of 2009, the income required was \$34,419, up slightly from the third quarter of 2009, but one of the lowest amounts for recent years.

The amount of income required is directly related to the interest rates and housing prices.

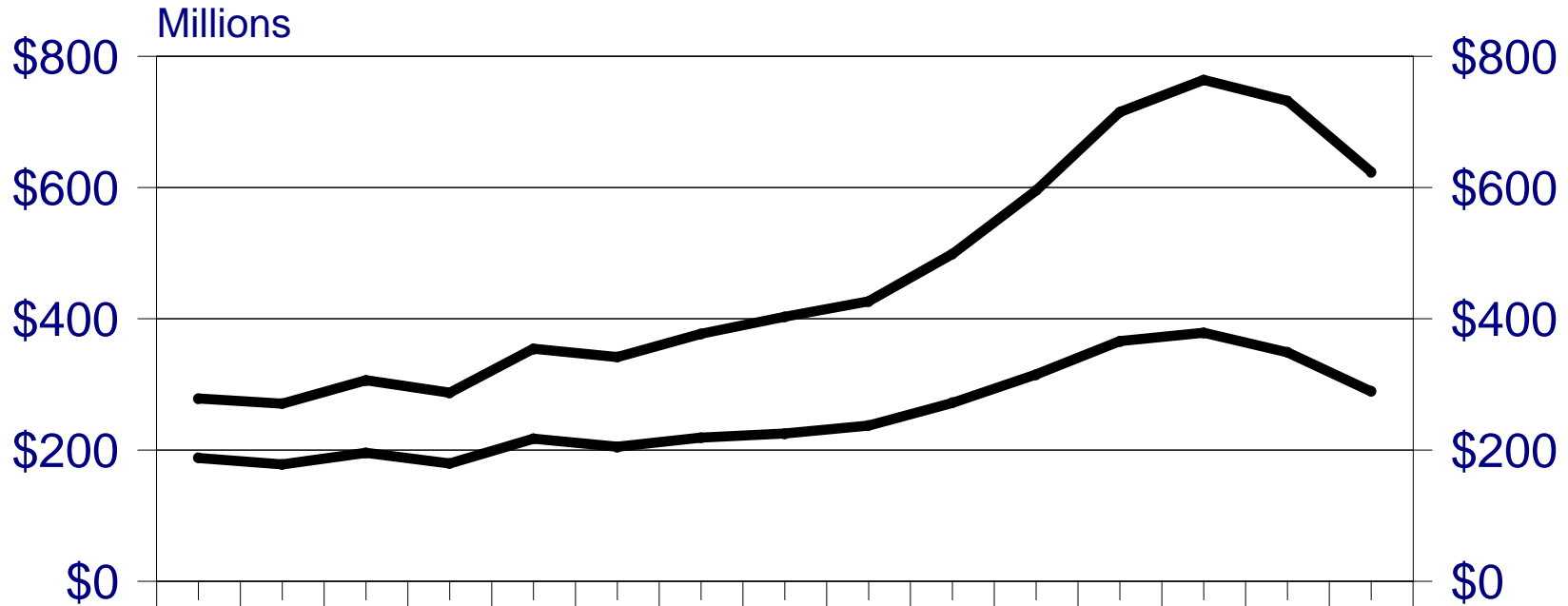
In Conclusion:

Average prices (in current and constant dollars) have shown an increasing trend from 1990 to 2007, but leveled off for 2008 and 2009. The current average price of \$167,336 for the third quarter of 2009 is up from the second quarter of 2009. During 2008 prices increased through the first two quarters (up from \$149,156 to \$159,959) but dropped back to \$147,192 for the fourth quarter and increased for the first three quarters of 2009. The number of active listings is a slightly lower than experienced in recent years.

Although the number of sales and the dollar volume for 2009 has shown a decline from the record high in 2006, the current levels are similar to the level experienced in 2002 and 2003.¹

¹The residential analysis was completed by Douglas S. Bible, Cloyd Professor of Real Estate, LSUS, using summary data supplied by the Northwest Louisiana Association of Realtors Multi-List Service.

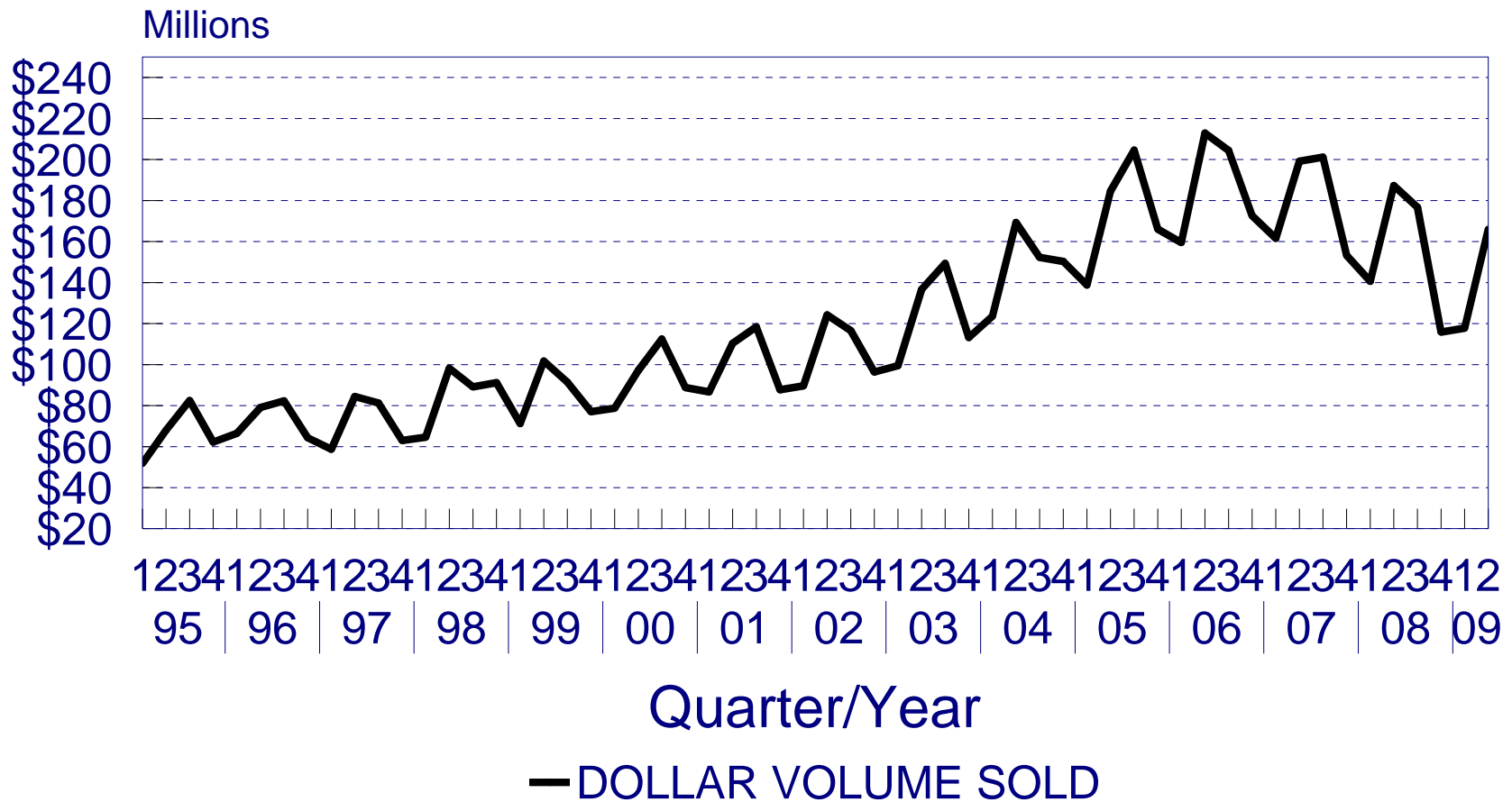
ANNUAL DOLLAR SALES



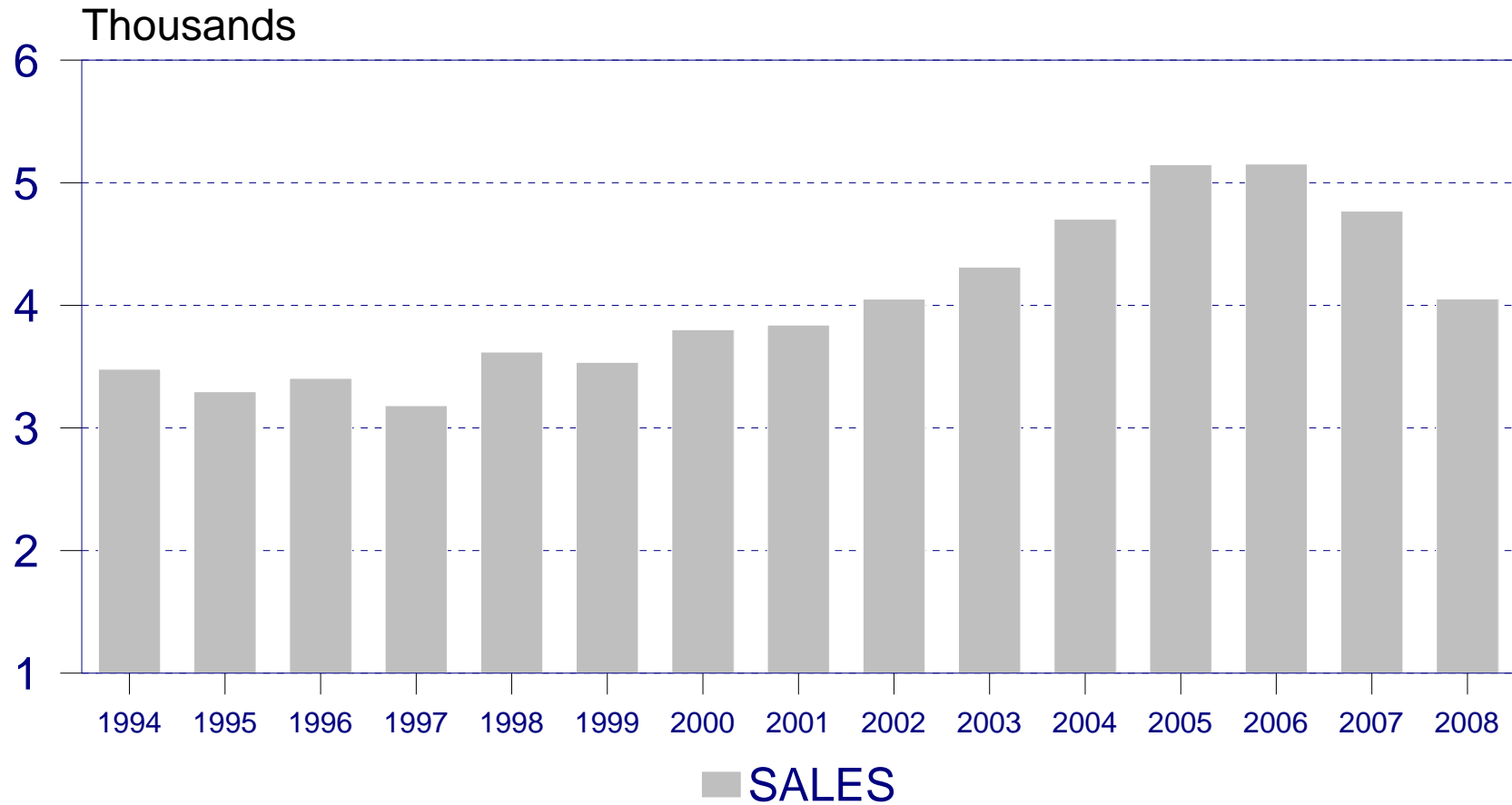
	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08
Current	\$278	\$271	\$306	\$287	\$354	\$342	\$377	\$403	\$427	\$499	\$595	\$715	\$764	\$732	\$624
Constant	\$188	\$178	\$196	\$179	\$217	\$205	\$219	\$225	\$237	\$272	\$315	\$366	\$379	\$349	\$289

— Current — Constant

QUARTERLY DOLLAR SALES



Annual # Homes Sold



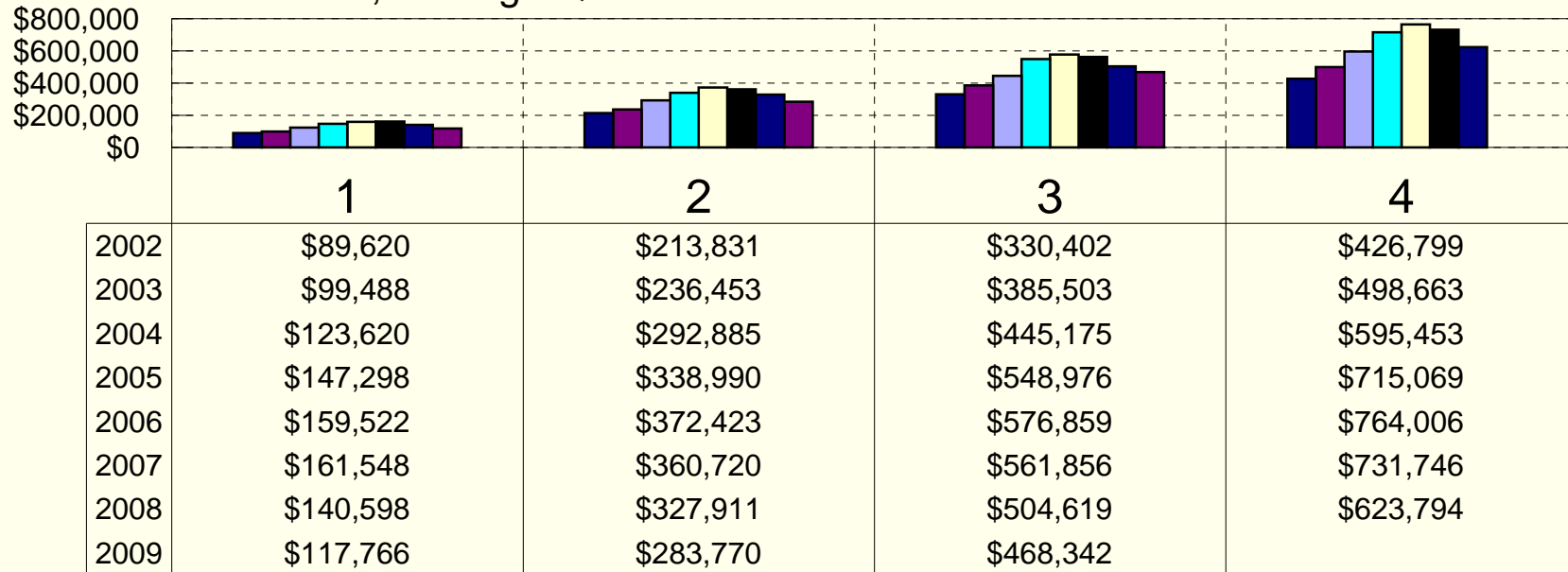
LSUS & NW Louisiana Association of Realtors

RESIDENTIAL SALES DOLLAR VOLUME

Cumulative By Quarter

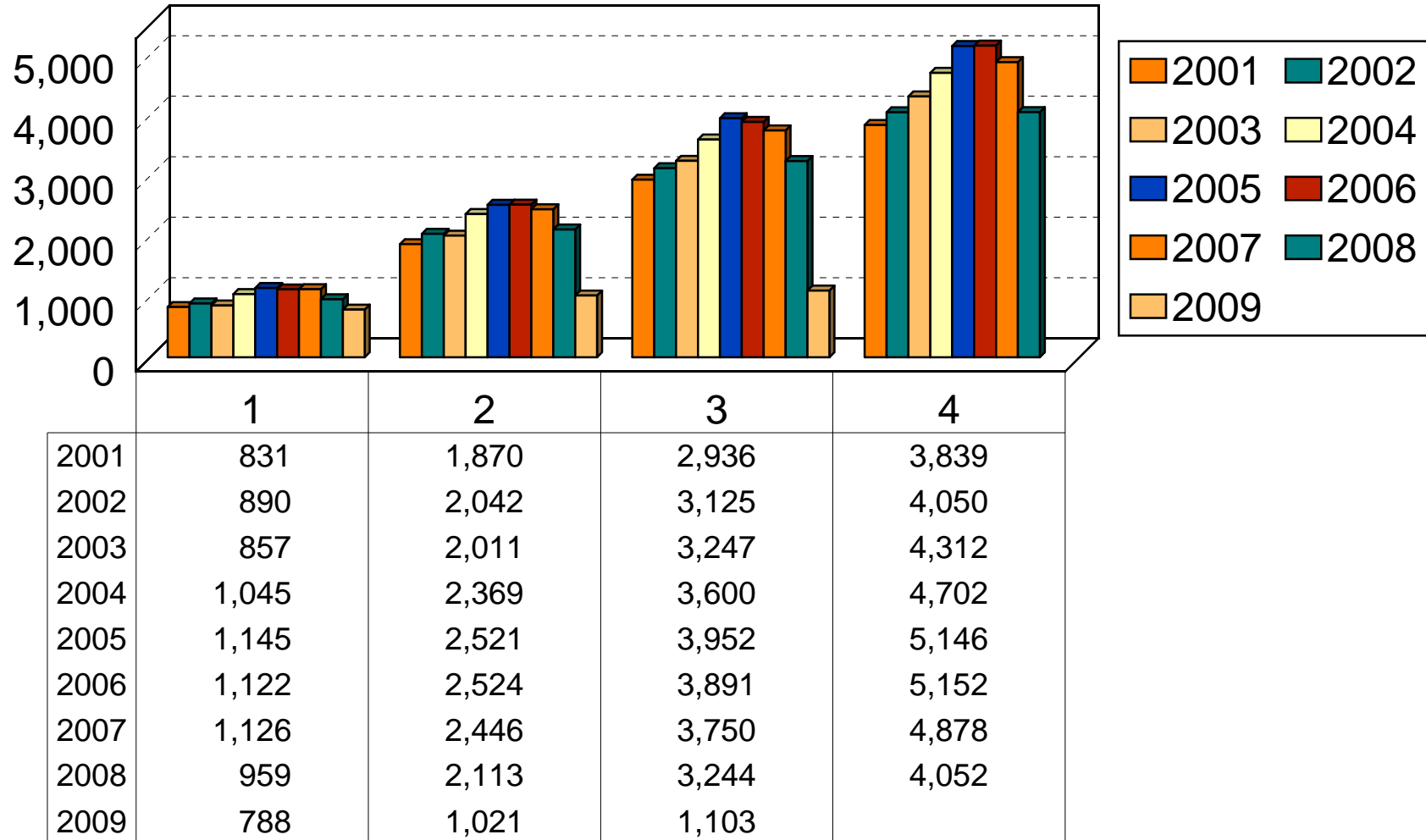
■ 2002 ■ 2003 ■ 2004 ■ 2005
■ 2006 ■ 2007 ■ 2008 ■ 2009

Thousands, Through Quarter

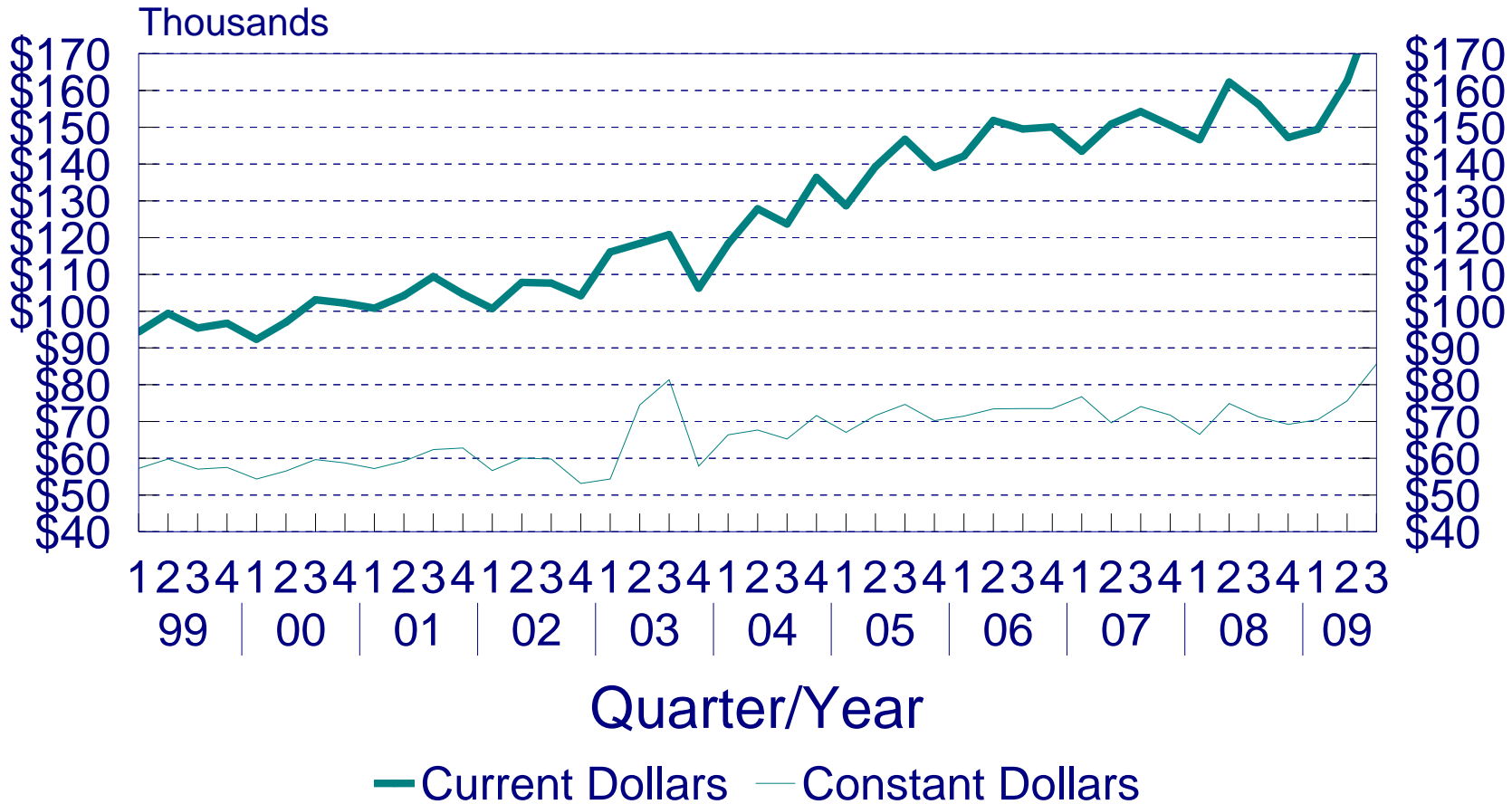


Quarterly Sales

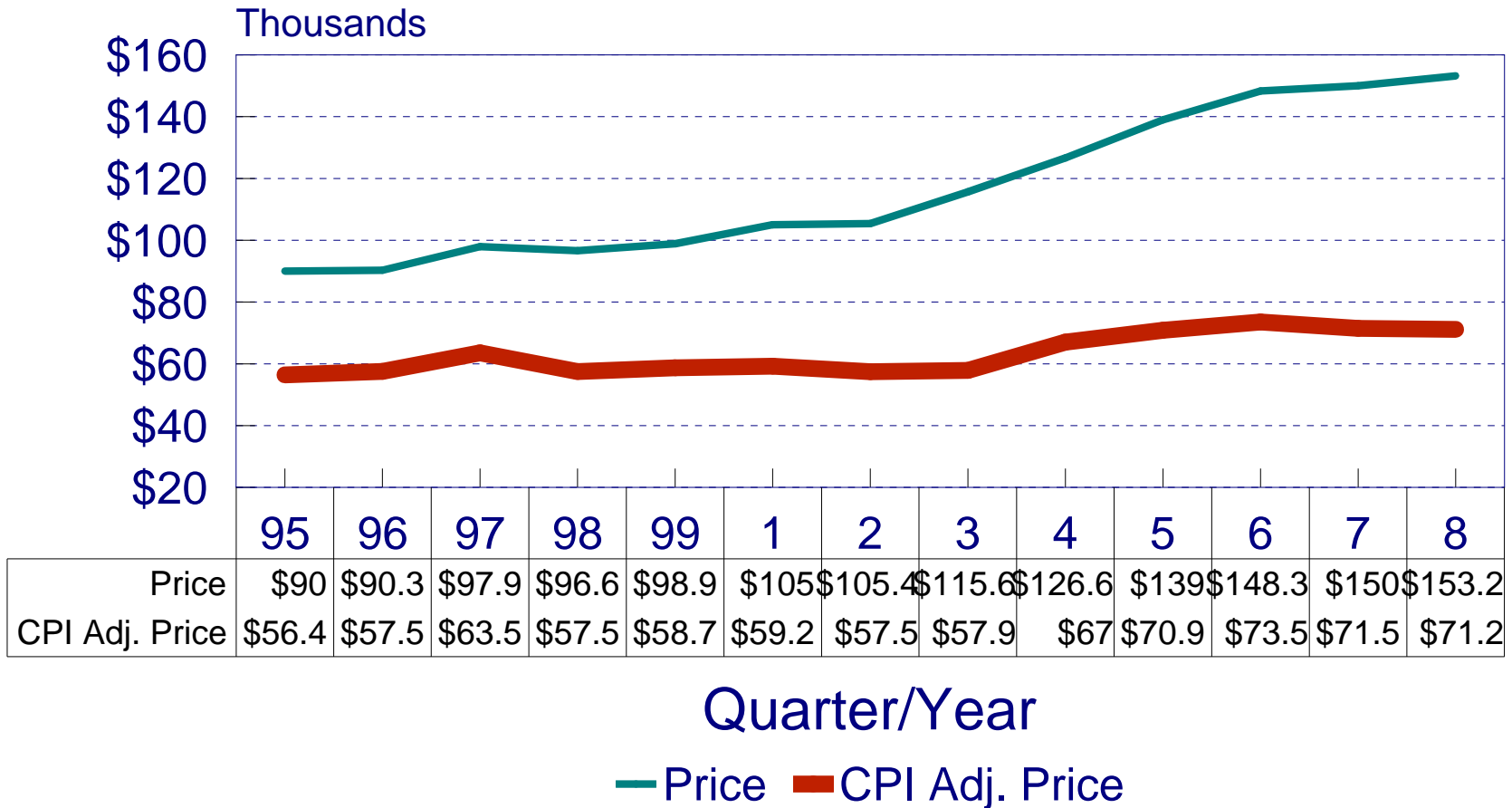
Residential Sales Cumulative by Quarter



AVERAGE SALE PRICE Quarterly

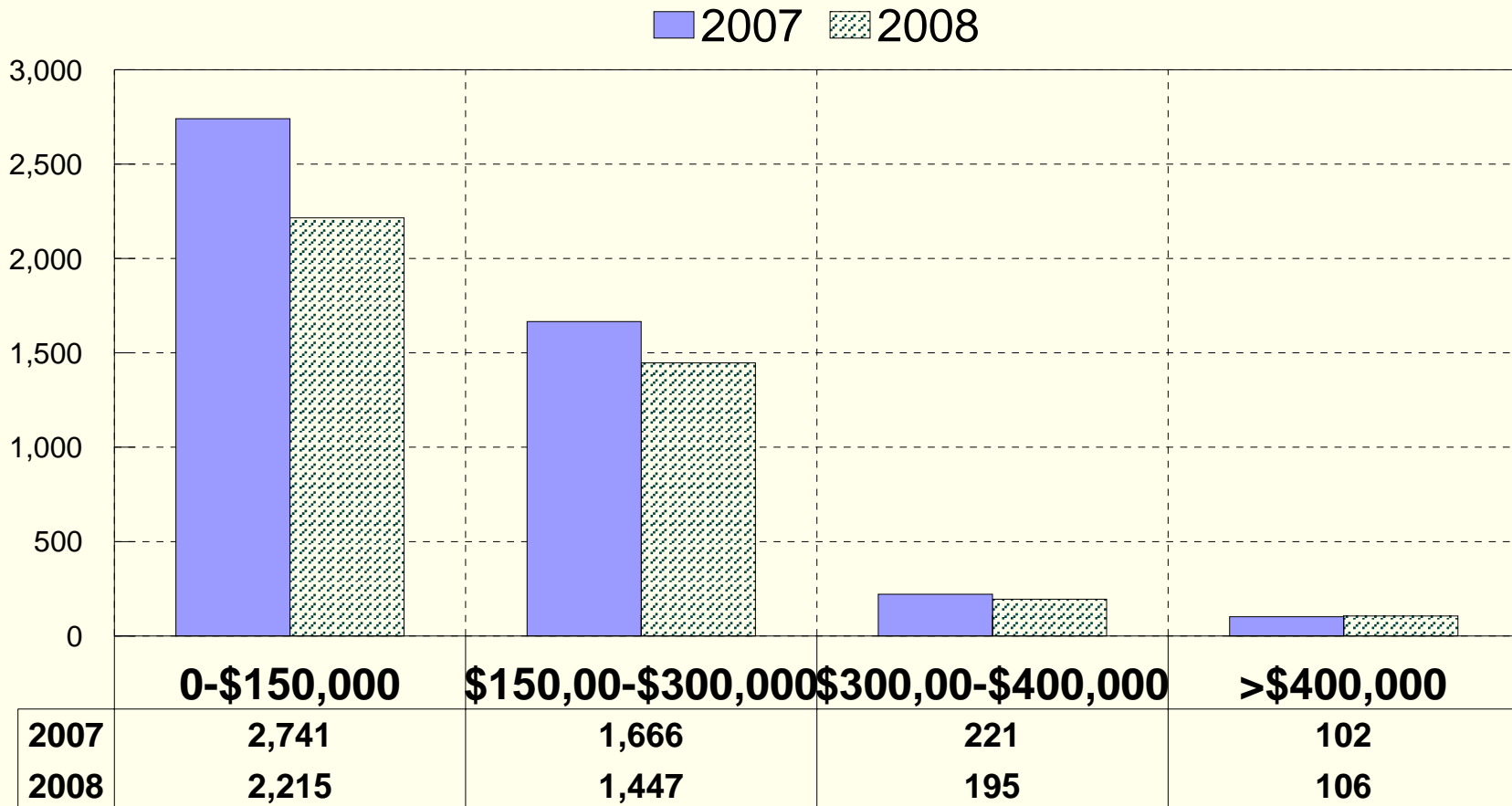


AVERAGE ANNUAL SALE PRICE

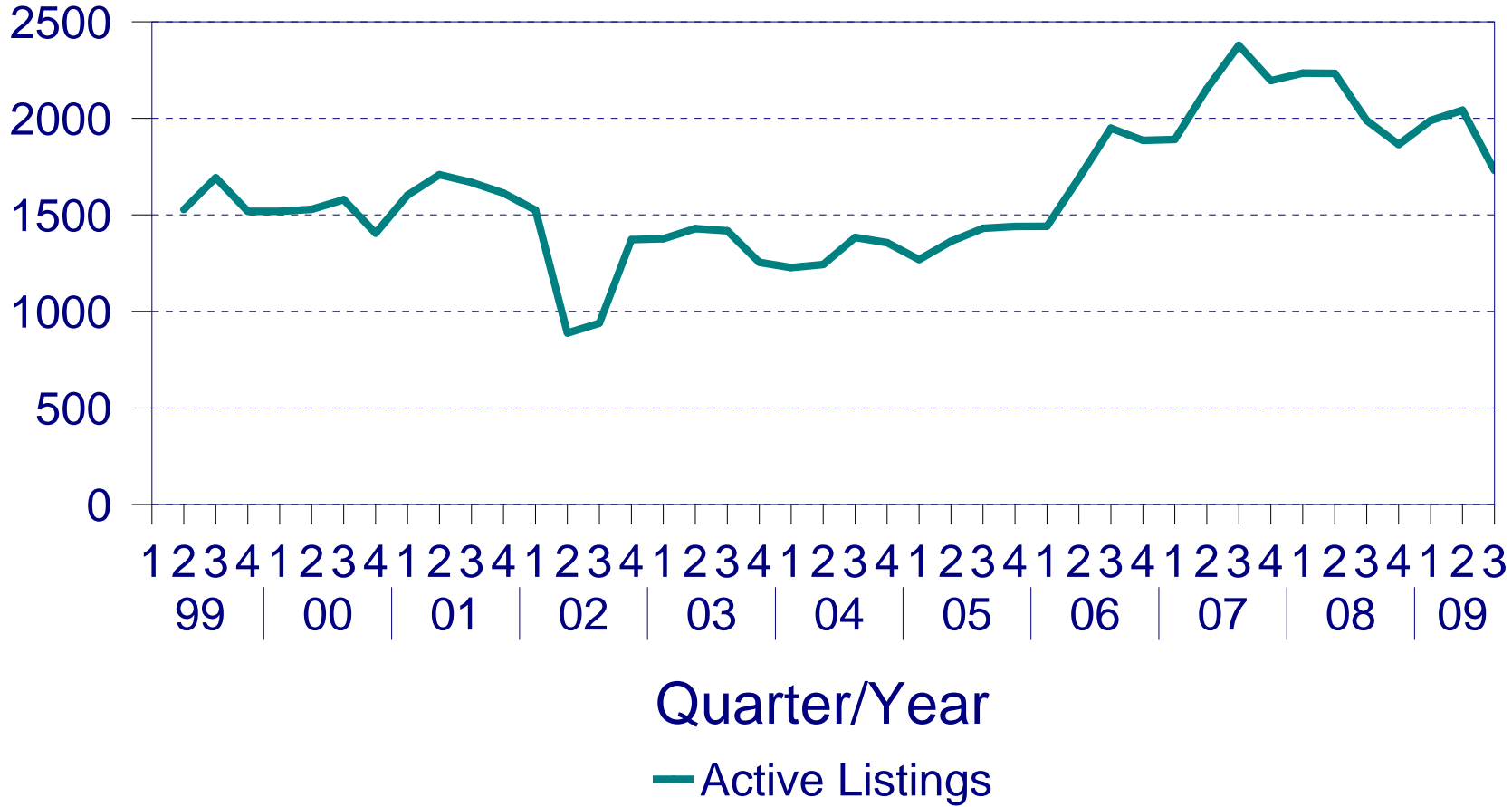


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Residential Home Sales by Price Range

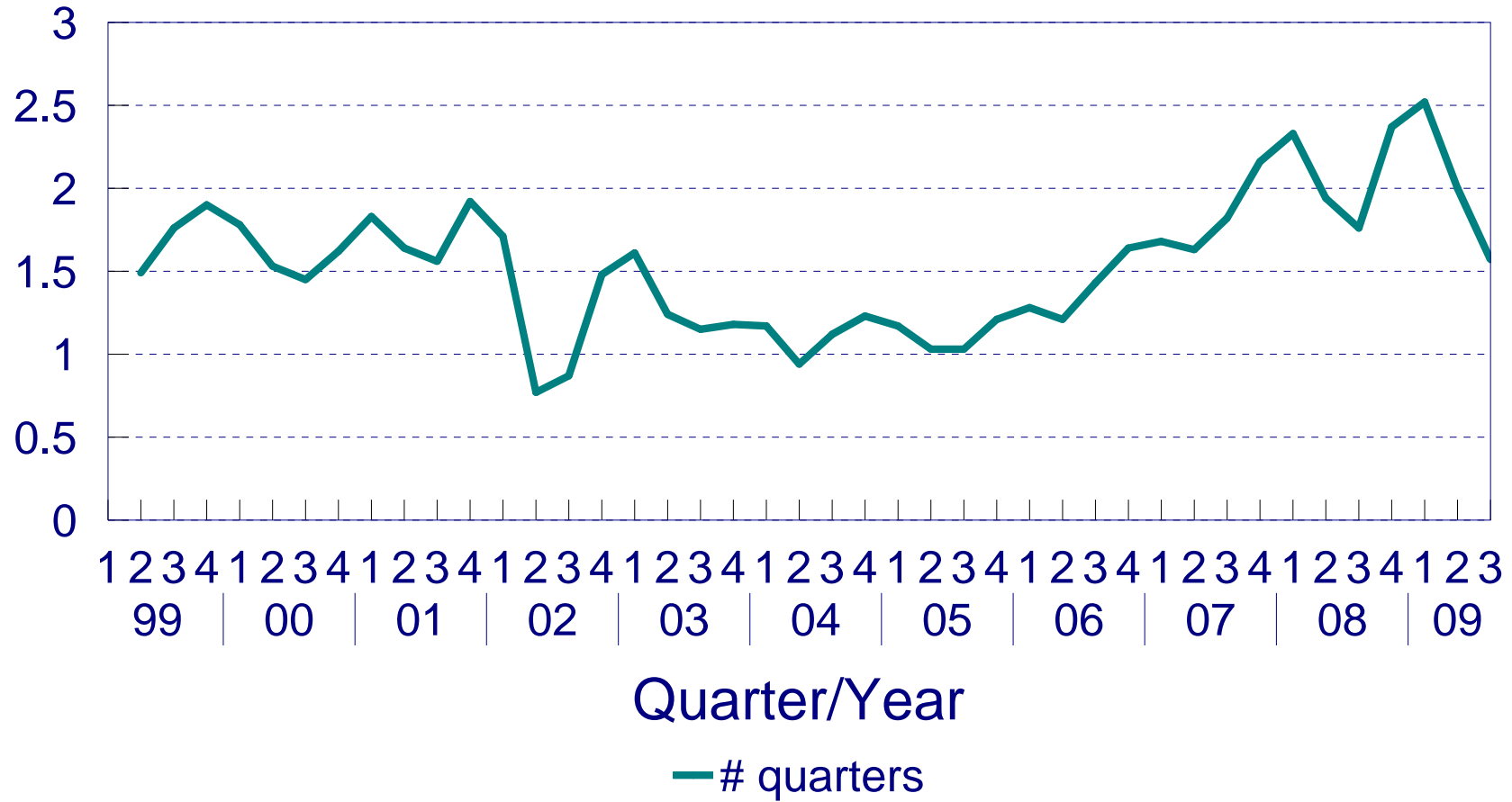


ACTIVE LISTINGS



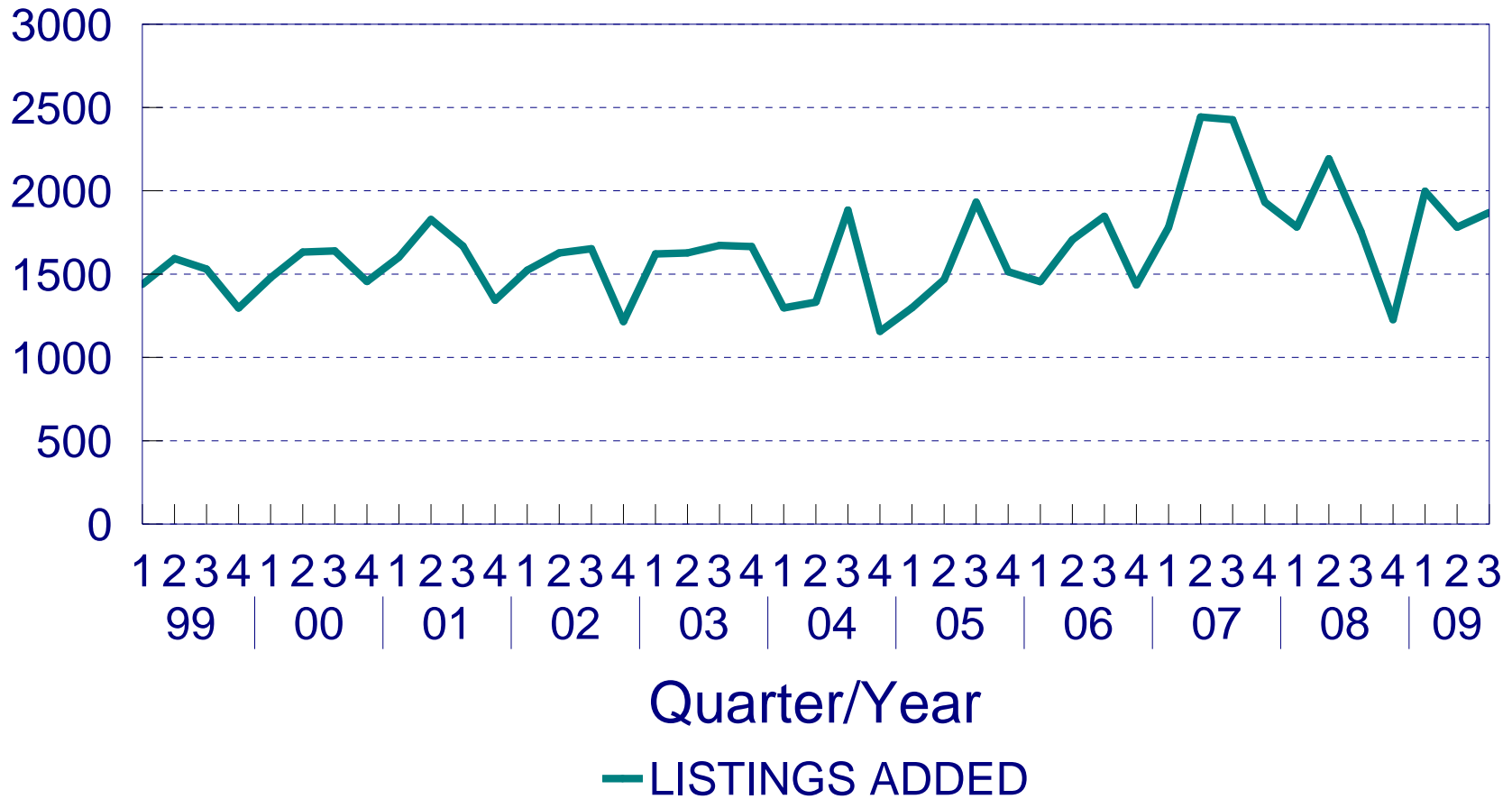
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EoQ LISTINGS TO SALES



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LISTINGS ADDED



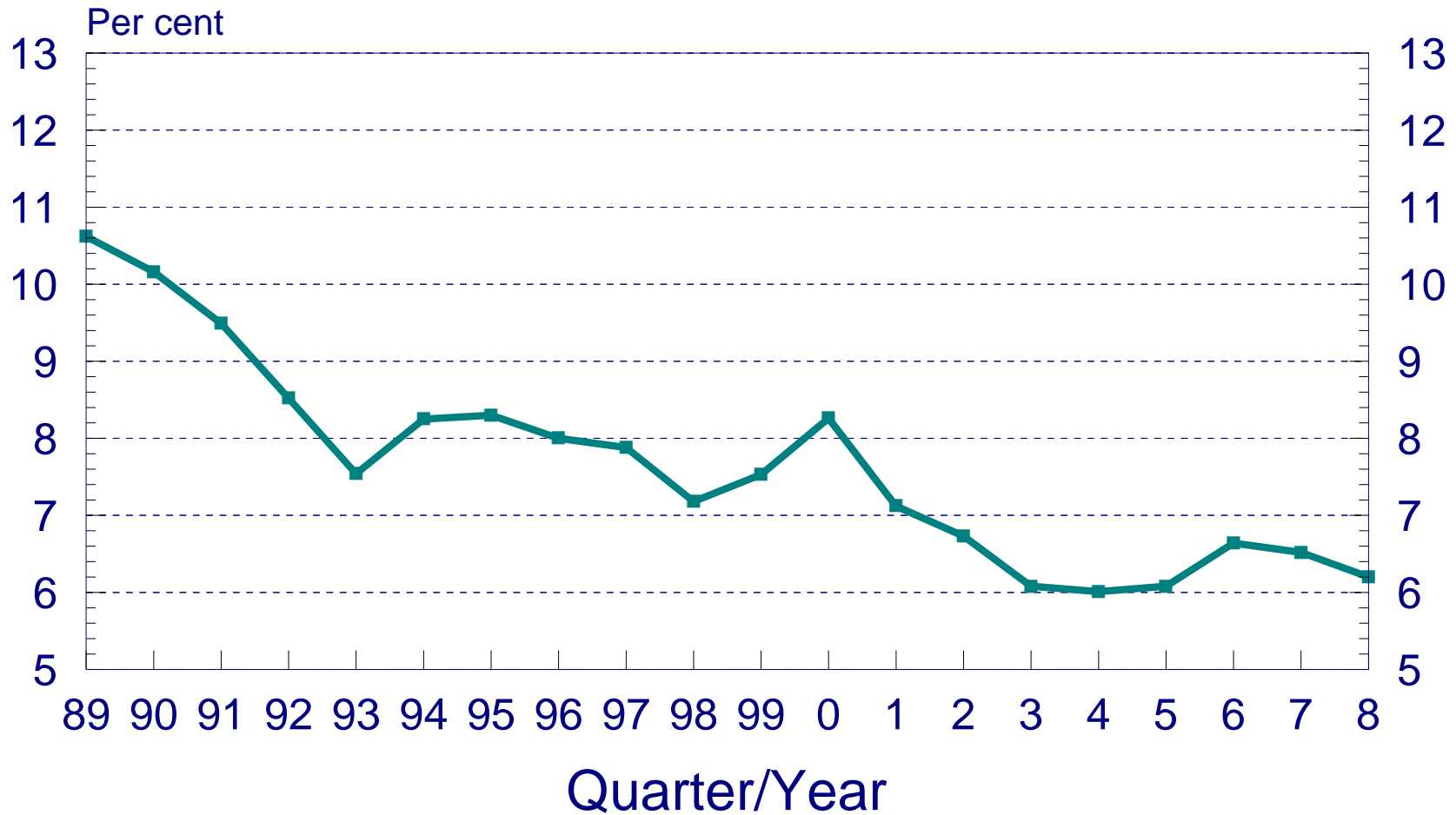
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AVERAGE EFFECTIVE MORTGAGE RATE (Quarterly)



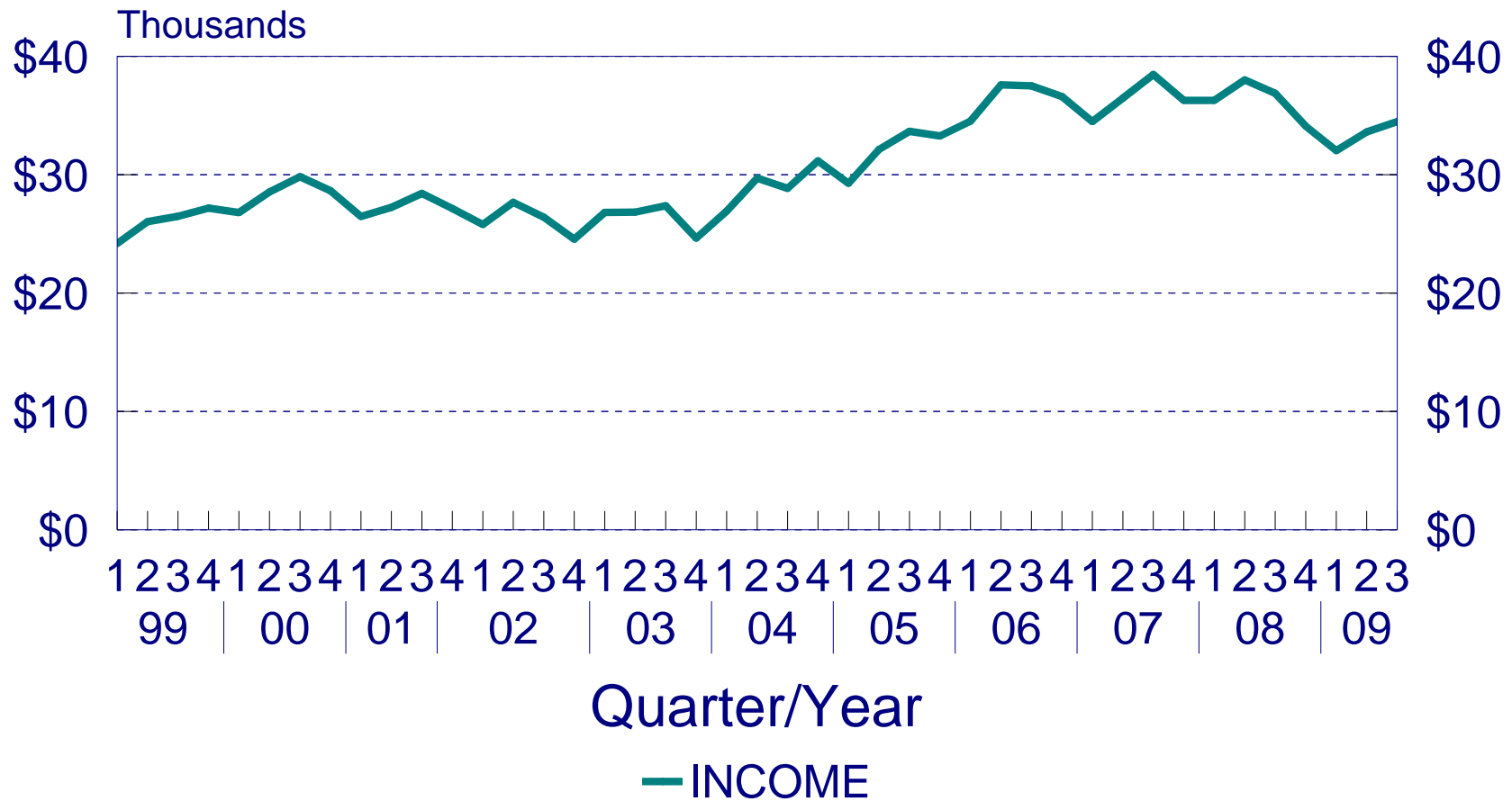
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Average Annual Mortgage Rate



LSUS & NW Louisiana Association of Realtors

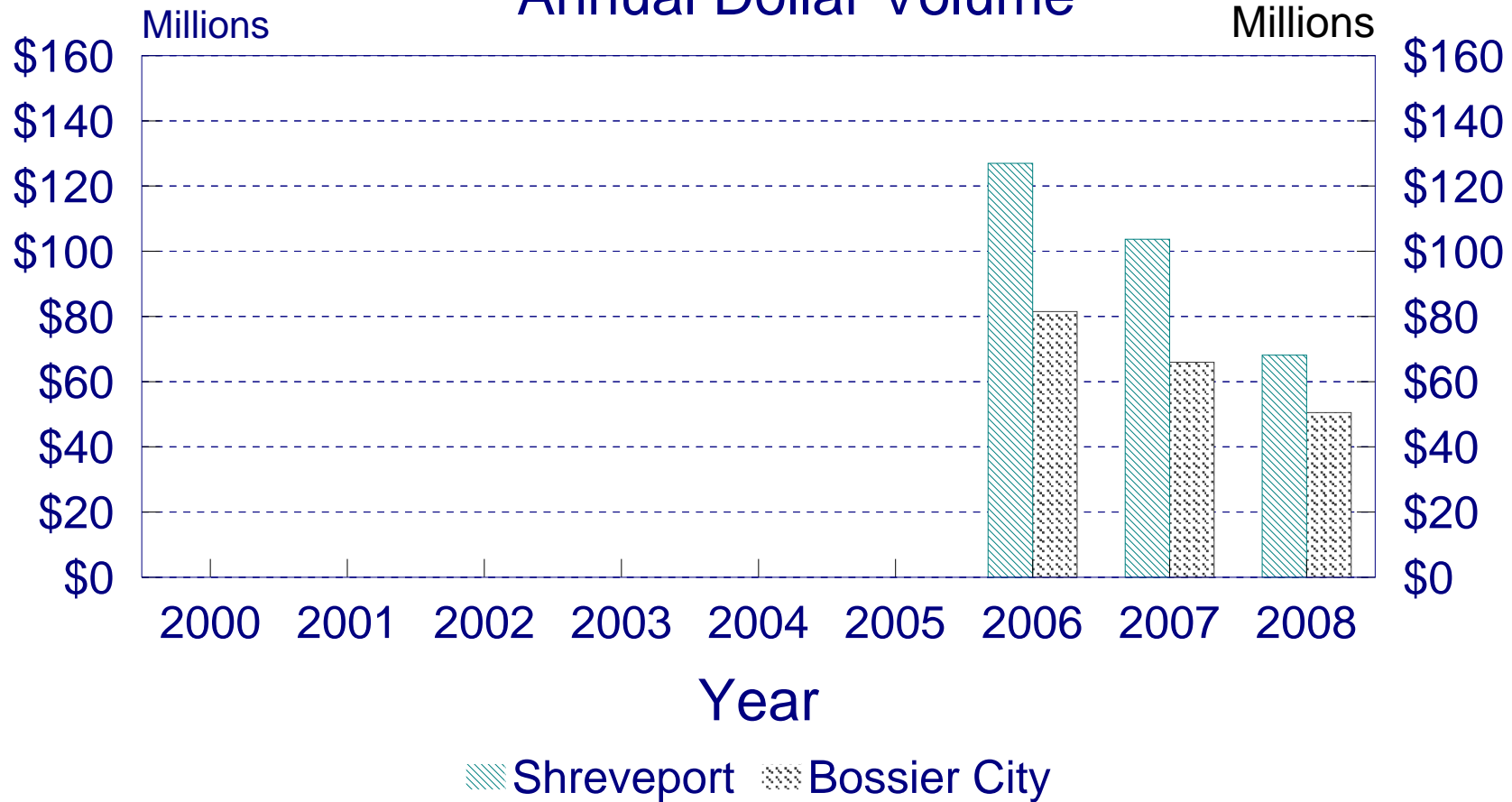
INCOME REQUIRED TO PURCHASE



Single Family Building Permits

Shreveport & Bossier City

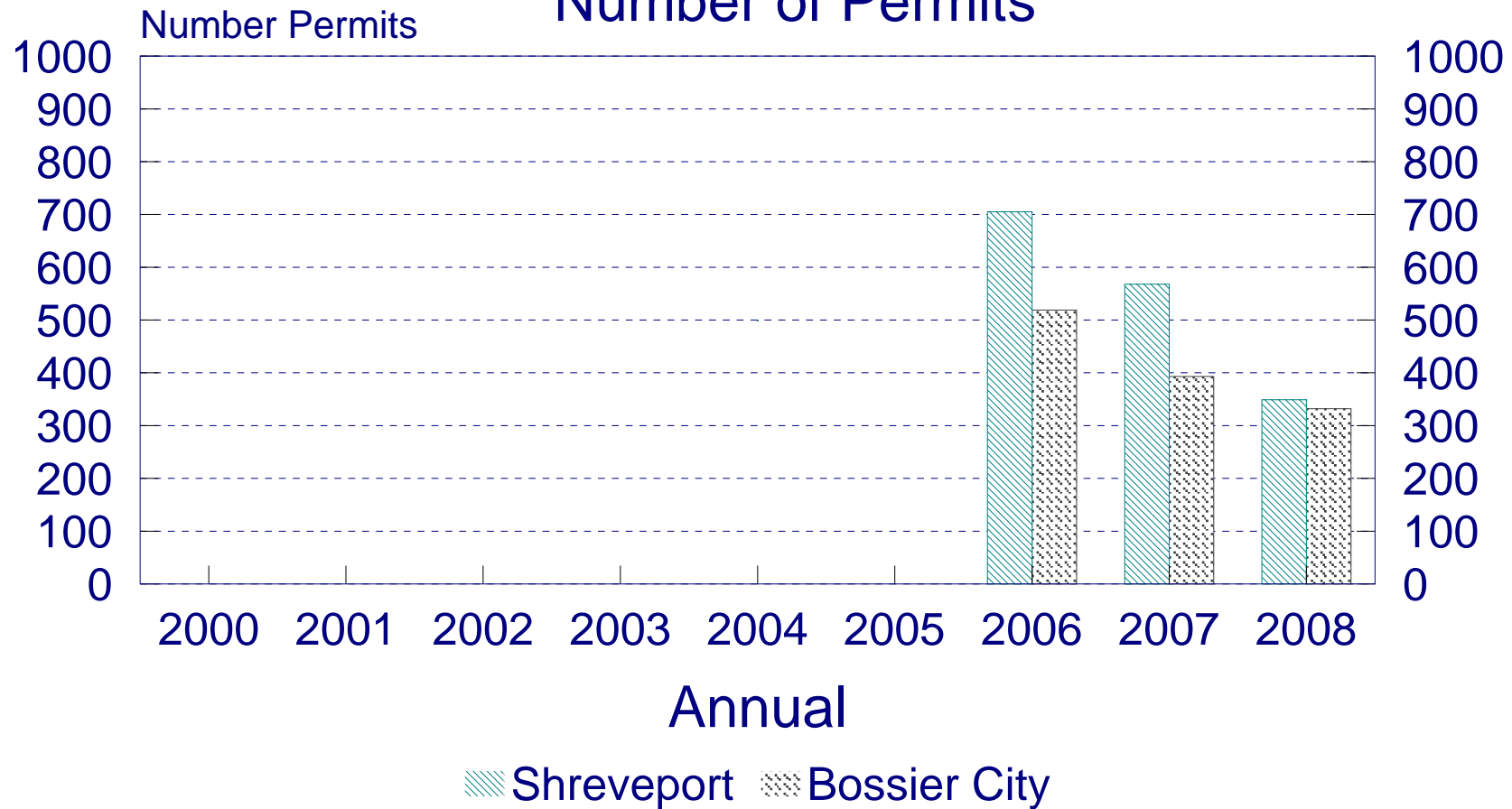
Annual Dollar Volume



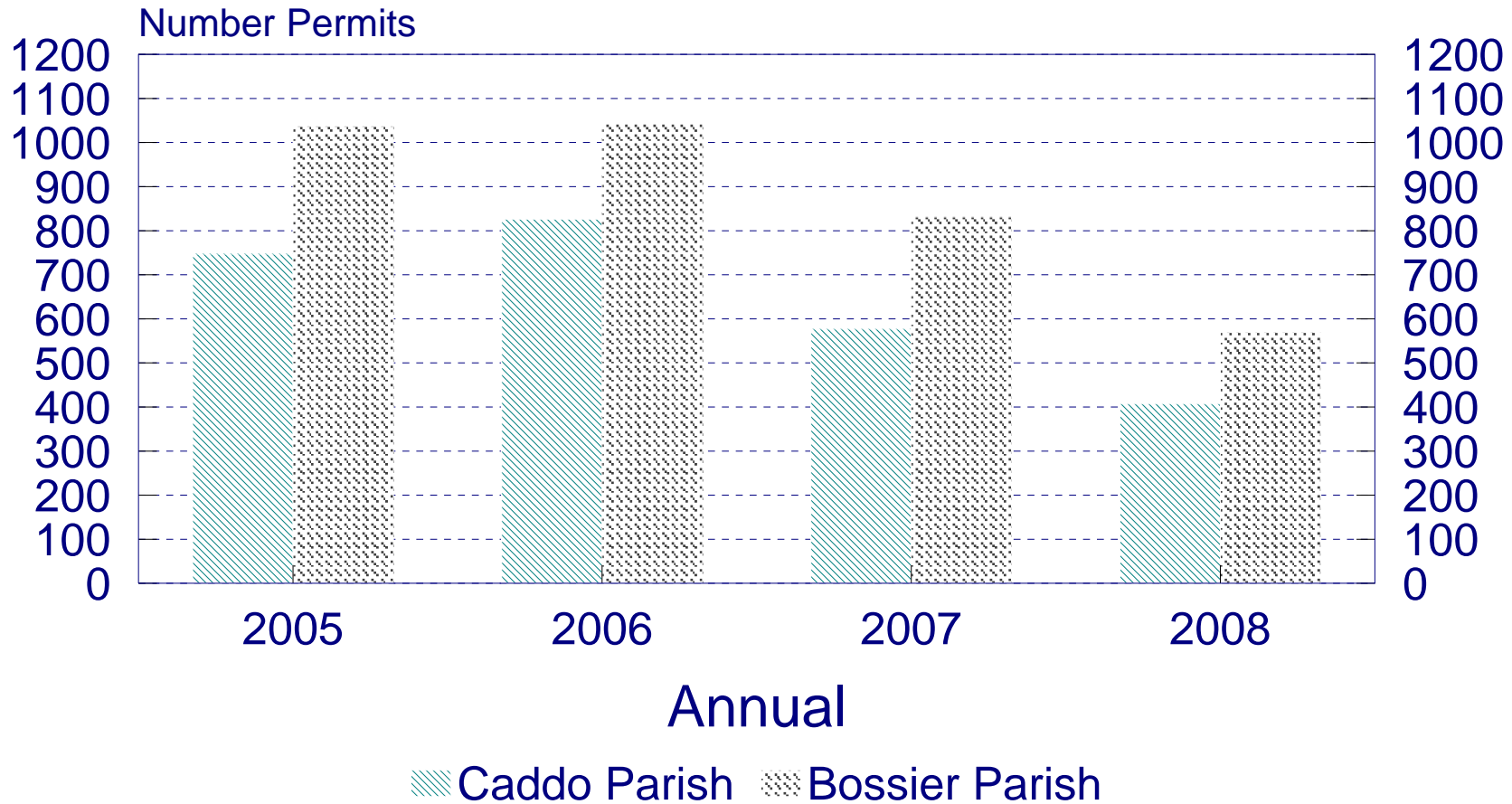
Single Family Building Permits

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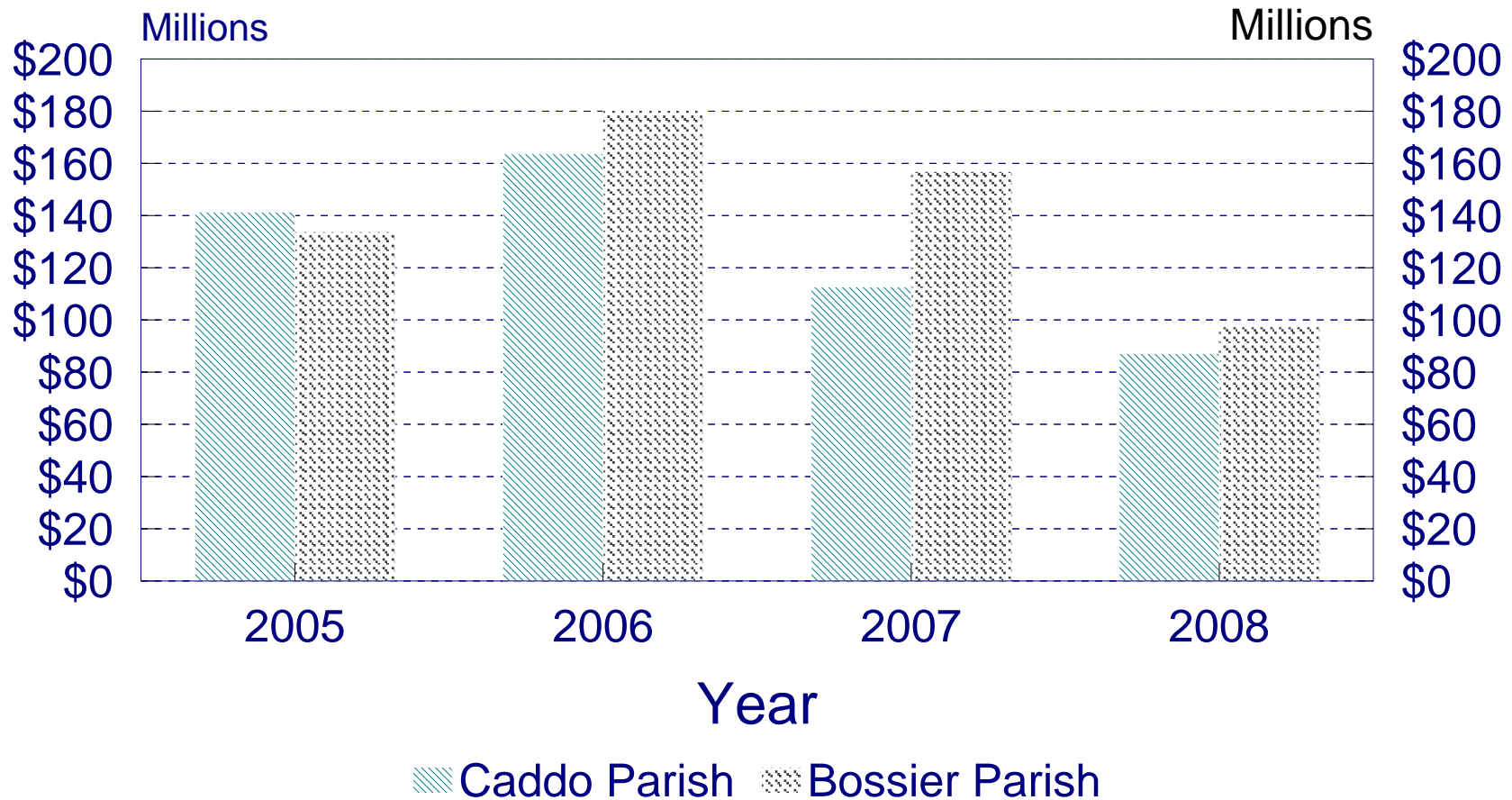
Number of Permits



Single Family Building Permits Caddo and Bossier Parish



Single Family Building Permits Caddo & Bossier Parish Dollar Volume



Single Family Building Permits

Shreveport & Bossier City

Annual Dollar Volume

