

## Local Market Conditions

### 2014 in Review

For the third consecutive year, single family home sales improved in 2014. Unit sales of 14,236 represented their highest level since 2005, when 14,592 homes were sold – the current record. Sales in 2014 represented a 7.8% increase over 2013 and a 42.9% cumulative increase since 2011.

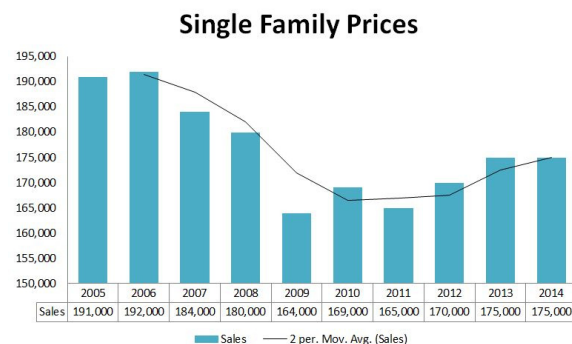
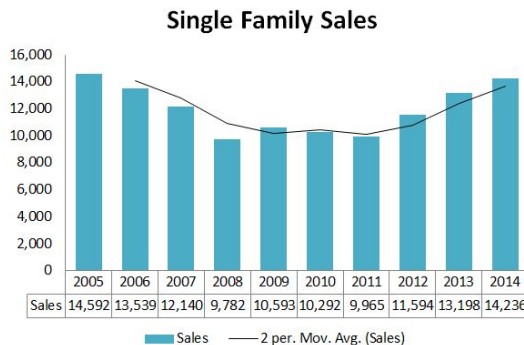


The continued improved sales activity follows several years of significant market decline in both units and pricing, and reflects a more accurate level of equilibrium and improved overall liquidity for both buyers and sellers.

The median selling price did not increase statewide – it remained unchanged at \$175,000 for the last two years. As a point of comparison, the median price was at its highest level in 2006 at \$192,000 – and dropped as low as \$164,000 in 2009.

Most counties, especially in Southern Maine, reported similar increases in volume, while following the trend of 2014's growth being lower than the previous year. Most individual towns and cities reported similar unit gains in unit volume, while pricing was much more variable among many local communities.

The graphs below illustrate single family homes sales and prices statewide since 2005.



Cumberland and York Counties are the two largest real estate segments in Maine and combined to represent over 43% of the entire single family market in 2014. Both counties experienced solid growth in 2014, following exceptionally strong performances in 2013. Sales volume was up 6.5% in Cumberland County and 9.7% in York County.

Condos represented 11.1% of the Maine real estate market in 2014, a slight decline from 2013. Unit sales improved 4.3% while pricing improved 5.9%. The pricing improvement was better than that for single family homes. The largest markets for condos are Portland followed by Old Orchard Beach. Not surprisingly, pricing varies dramatically depending upon access to, and views of, the ocean.

For example, condo pricing in Portland increase a dramatic 31.0%, while volume also increased 22.2%. This increase, however, was the result of high demand for several new developments that came on the market during the year, all priced appreciably above the median. The median price of a condo in

Portland was \$262,000 versus a statewide median of \$195,300. In 2014 there were 35 properties sold over \$500,000 compared to only seven in 2013.

The graphs below include condo unit sales and median prices across all of Maine for 2014.



### Historical Perspective & Review

According to data from MREIS, home sales improved in eleven of twelve months of 2014 compared to sales in the same months of the previous year. Four months recorded year-over-year gains in excess of 10% while only one was over 20%. The largest month was October, with an increase of 25.7%. The rate of sales increase slowed in 2014 compared to 2013. In 2013, six months recorded sales increases of 15% or higher compared to 2012. During the first three-quarters of the year inventory levels were higher in 2014 compared to 2013, then dropped dramatically in the fourth quarter. Using Cumberland County as an example, each month of the fourth quarter had the lowest inventory levels of single family homes since 2010.

Although the inventory levels decreased, the percentage of homes under contract also declined during the latter half of 2014, and ended the year at 21.7%. In December 2013, a total of 26.5% homes were pending. This represented a slowdown in sales during the fourth quarter.

Across the state, the overall time to sell a home remained the same at a median of 78 days. In southern Maine, the time to sell a home was appreciably lower - 46 days in Cumberland County. Several communities in the greater Portland area were even lower, with Portland at 34 days, Cape Elizabeth at 31 and South Portland at 27.

### Price Categories

Homes in the middle and upper price segments reported sales gains in 2014 vs 2013. Unit sales of homes priced above \$500,000 increased 11.9% in 2014 – better than the overall result of all properties. Pricing, however, varied greatly depending upon the exact price segment. Homes in the luxury segment (above \$1,000,000), made modest progress recovering value lost during the decline in the market in 2005 – 2006.

The median price of homes sold in the segment of \$500K to \$1,000K declined 3.0% while those priced above \$1,000K improved 3.8%. Homes priced in the highest (luxury) segments experienced the most volatility of any price range, with final selling prices only 84% of the original list price. Not surprisingly, Cumberland and York Counties dominate this higher priced market segment, where 72% of all homes priced above \$500,000 were sold. Unit volume increased 13.9% while median pricing declined 3.8%.

Sales of homes priced below \$350,000, which represented 80% of all sales, increased 8.1% across the entire state, while pricing declined .6% - or remained essentially flat. In Cumberland County 74% of all homes were priced at \$350,000 or less, and this segment increased 6.0% in 2014 while pricing improved a marginal 1.0%.

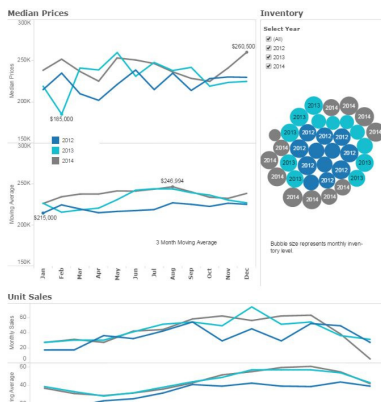
Homes priced to reflect current market conditions were sold quickly – often within days. Sellers not reacting to the new market dynamics found that their homes lingered on the market, often well above the median DOM (Days on Market) statistics.

### *Waterfront Properties*

Maine is known for vacation homes, especially along the water. In 2014 homes that had some component of waterfront (ocean, lake, river, etc.) increase 5.0%, while pricing improved 2.2%. Sales of homes that had direct or owned oceanfront improved a dramatic 21.3% as 382 properties were sold. The median price was \$558,500 in 2014 compared to \$600,000 in 2013.

In Southern Maine (York and Cumberland Counties) sales of oceanfront homes represented 43% of all such sales, and were essentially flat in 2014 at 165 properties. The median price improved less than 1% to \$800,000. A total of 64 properties were sold in excess of \$1,000,000.

### *Interactive Sales Reports*



Beginning in December of 2014 interactive monthly reports came available on our website. Each report includes monthly sales prices for the last three years, a moving average, monthly unit sales, a cumulative year-to-date total and a moving average.

Inventory levels and comparisons of selling prices to original list prices are also available.

Visit: <http://www.mainehomeconnection.com/HomeSalesChart>

Currently reports are available for Portland, South Portland, Falmouth, Cumberland, Yarmouth, Cape Elizabeth and Scarborough.

### *Local Communities*

On our website, you will find a profile of most southern Maine communities, which includes and review and commentary of 2014 real estate sales, along with monthly 2015 updates. As always real estate continues to be extremely local and very specific. Understanding the differences and local nuances is critical in any buying or selling decision.

The chart below includes 2014 real estate sales for the state of Maine, Cumberland and York Counties and selected communities. Additional information is also available on our website at [www.MaineHomeConnection.com/MarketValues](http://www.MaineHomeConnection.com/MarketValues).



You can also download prior and current year homes sales statistics. If you do not find what you are looking for, we can prepare custom reports.

*Single Family & Condo Sales*  
*Selected Communities - Cumberland & York Counties*

		2014 Real Estate Sales - Full Year 000's Omitted					% Change 2014 vs 2013	
Communities	Type	Units Sold	Med Price	Med DOM	% List	Absp Rate	Units Sold	Med Price
<b>Portland</b>	Homes	551	238	34	95.6	20.8	4.4%	2.1%
	Condos	363	262	43	97.4	15.8	22.2%	31.0%
<b>South Portland</b>	Homes	341	224	27	98.0	13.6	8.6%	3.7%
	Condos	74	164	39	94.5	14.1	-2.6%	-8.4%
<b>Cape Elizabeth</b>	Homes	150	425	31	93.7	22.2	17.2%	-3.0%
	Condos	30	226	29	93.1	24.3	3.4%	5.1%
<b>Scarborough</b>	Homes	292	334	38	95.7	25.1	-1.7%	-0.3%
	Condos	48	227	44	94.6	20.6	-2.0%	8.1%
<b>Falmouth</b>	Homes	192	440	38	95.2	30.1	8.5%	9.5%
	Condos	29	329	17	94.2	19.7	16.0%	2.8%
<b>Cumberland</b>	Homes	167	340	42	95.9	33.3	5.0%	-5.0%
	Condos	15	270	75	84.9	31.2	15.4%	-5.6%
<b>Yarmouth</b>	Homes	109	400	28	100.0	23.9	2.8%	2.0%
	Condos	28	292	63	95.8	27.9	12.0%	24.8%
<b>Freeport</b>	Homes	108	350	59	94.0	29.9	8.0%	7.0%
	Condos	15	151	44	97.4	10.4	66.7%	-17.9%
<b>Old Orchard</b>	Homes	106	199	52	94.9	43.2	17.8%	-6.1%
	Condos	114	195	73	98.8	63.9	14.0%	-9.7%
<b>Westbrook</b>	Homes	200	192	49	95.8	27.0	0.0%	3.8%
	Condos	41	160	74	92.5	34.2	28.1%	36.8%
<b>Gorham</b>	Homes	216	240	44	98.0	30.3	3.8%	-3.6%
	Condos	34	260	61	103.5	33.6	-5.6%	22.1%
<b>Biddeford</b>	Homes	176	203	90	92.4	53.8	14.3%	8.6%
	Condos	7	150	38	85.7	178.3	-46.2%	-6.3%
<b>Saco</b>	Homes	212	225	59	93.8	35.6	1.9%	-1.3%
	Condos	43	168	34	94.5	37.5	0.0%	2.4%
Communities	Type	Units Sold	Med Price	Med DOM	% List	Absp Rate	Units Sold	Med Price
<b>Maine</b>	Homes	14,236	175	78	92.2	61.3	7.9%	0.0%
	Condos	1,588	196	65	93.8	43.0	4.3%	5.9%
<b>Cumberland County</b>	Homes	3,695	234	46	97.2	33.1	6.5%	-2.9%
	Condos	775	230	45	95.9	20.9	13.6%	12.2%
<b>York County</b>	Homes	2,530	215	71	93.9	46.1	9.7%	-2.3%
	Condos	464	186	74	96.7	53.6	0.2%	-3.6%