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First Time Home Buyers Active in the Northern KY Housing Market

(May 27, 2009) – First time home buyers are keeping Northern KY REALTORS® very busy this spring. Those first timers make up approximately 56% of home purchasers in the market today. While the price range for first time buyers is generally set lower than for existing homeowners moving up, the Northern Kentucky MLS (NKMLS) reports that the median sale price for existing homes has risen steadily from a low in January 2009 of \$105,000 to \$124,000 in February and increasing to \$127,500 in April, 2009, an increase of 21.4%. That is encouraging news for area home sellers who have been worried about the recent downtrend in the market value of their properties. “Area REALTORS® are encouraged by the flux of new buyers flooding into the market”, said Northern Kentucky Association of REALTORS® President Johnny A. Hodge. “The effect of the President’s economic stimulus plan is starting to be felt here in Northern Kentucky”, Hodge stated.

NKMLS also reported an upward trend in home sales for 2009. Reporting 384 residential home sales for April, an increase of 33 from March 2009, local REALTORS® say their phones are ringing again, and new buyers are excited to take advantage of the \$8,000 tax credit. At a recent REALTOR® summit in Washington, DC, Shaun Donovan, U.S. Secretary of the Department of Housing and Urban Development, announced that the Federal Housing Administration is going to permit its lenders to allow qualified home buyers to use the \$8,000 tax credit as a downpayment on their new home purchase. The MLS reports that home sales are off less than 100 units for the months of April 09 compared to April 08 when 474 sales were reported to media outlets.

Hodge went on to say that “the local housing market consistently outperforms the national market when it comes to month’s supply of inventory (MSI).” While the NATIONAL ASSOCIATION of REALTORS® statistics indicate that the nations housing supply has decreased since December, 08 to 8.7 months (MSI), the Northern KY region saw a 40% drop in MSI of single family available listings from December 08 to April 09.

Mr. Hodge added that locally, “the MSI for single family listing inventory is at its lowest point in 2 years at 6.7.” Hodge believes “falling inventories will help to stabilize home prices.” And while this information may be good news for sellers, it also means buyers shouldn’t wait to make an offer when they find their perfect dream home. He added, “housing affordability is higher than it has been for years and with low interest rates for buyers with good credit scores, it is the perfect time for buyers to reach for the American Dream.” Even condo inventories seem to be stabilizing. In December 08, condo inventories were very high at 22.8 months (MSI). As of April, 09, that number dropped a whopping 51% to 11.0 months (MSI).

Many economists agree that home prices will rise in the next 5 years. The NATIONAL ASSOCIATION OF REALTORS® advises families who aspire to become homeowners not to sit on the sidelines taking a “wait-and-see” approach. Conditions in many markets today are very favorable for home buyers; housing affordability has improved, and mortgage rates are once again near historic lows.

The 1200 member Northern Kentucky Association of REALTORS® and the 1500 users of the Northern Kentucky MLS (NKMLS), Northern Kentucky’s leader in the real estate information and services business, operate with a professional staff from 7660 Turfway Road, Suite 100 in Florence, KY. Both NKAR and the NKMLS work to protect the public’s right to transfer real property and promote better public understanding of the profession and the real estate transaction process.

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