

What preceded the 2009 Recession

By

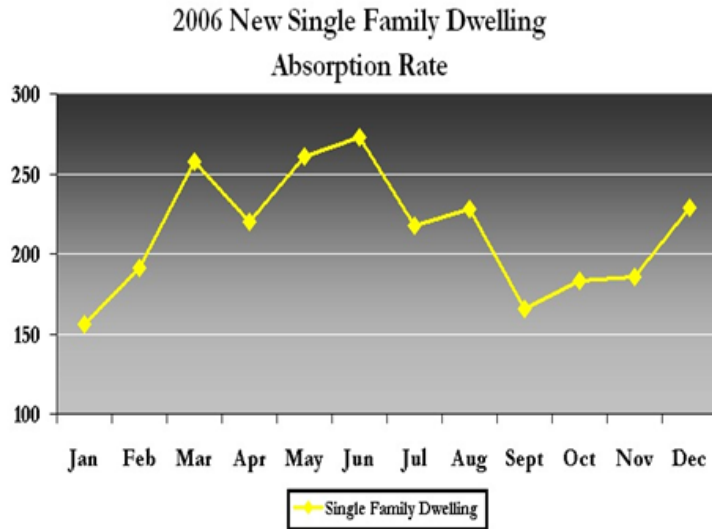
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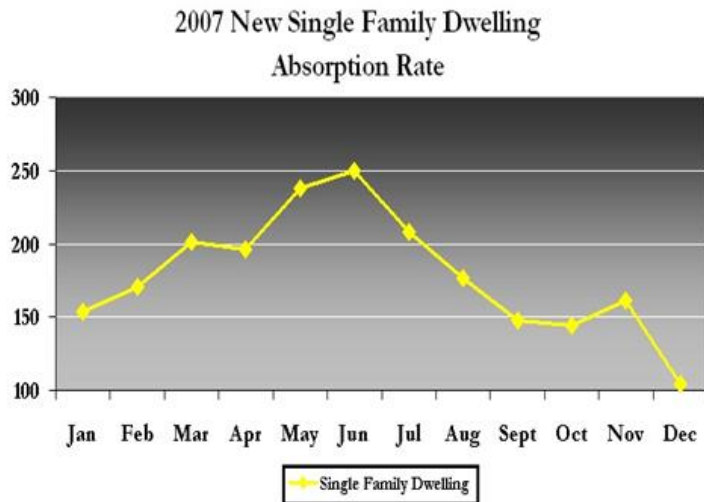
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In Cumberland County, North Carolina, the recessionary trend in the housing market began in July of 2007 based the absorption rate of dwellings and the buildup of inventory. In this study, the absorption rate is the actual number dwellings that sold during the month surveyed.

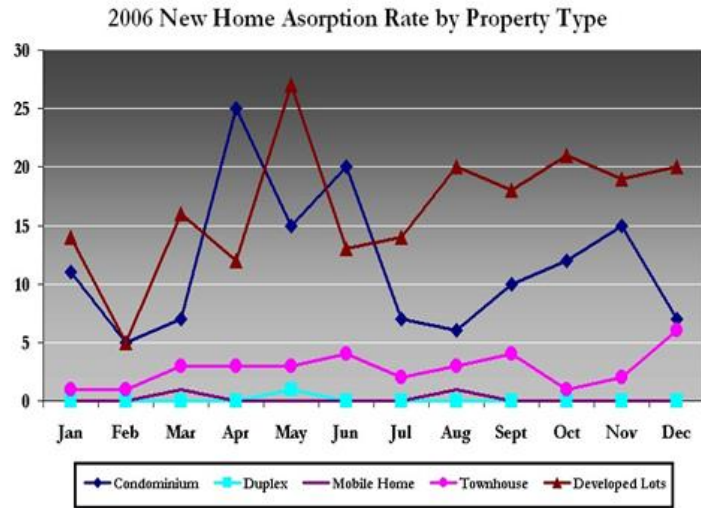
View the following pages for the details.



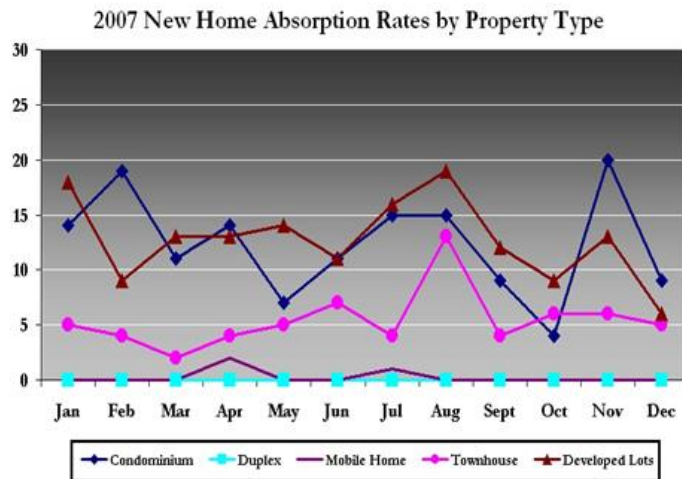
The chart above shows that things were normal in 2006 with no indication of a recession. In fact sales were actually increasing from September to December of 2006.



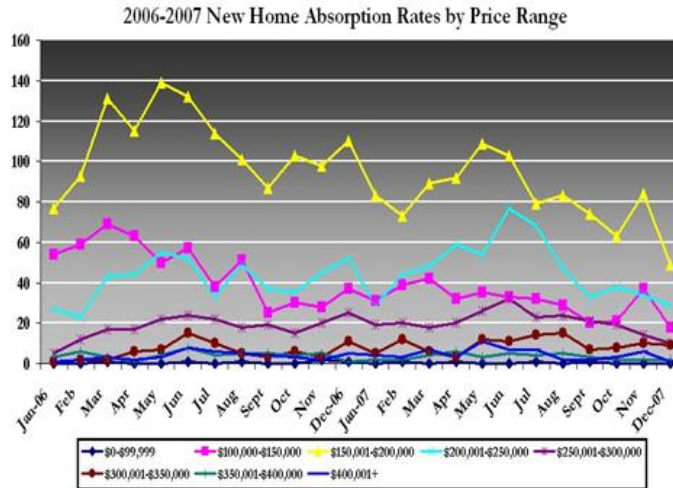
The chart above shows that the absorption rate of dwellings actually declined 60% from June to December of 2007 with a small increase in November of 2007. Developers had increased prices in August of that year and then reduced them in December in hopes of restoring the absorption rate.



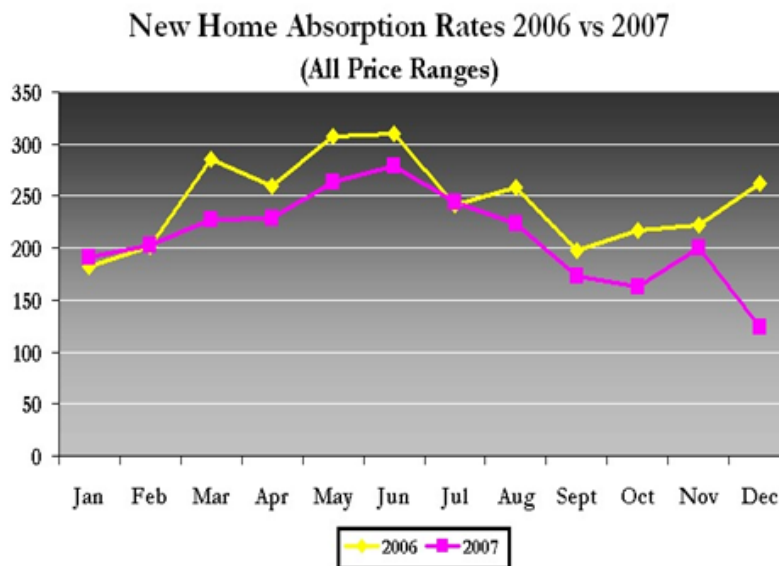
The chart above shows the absorption rate of each type of housing product on the market in this area.



The chart above shows a dramatic decline in the absorption rate of each type of product and the dramatic decrease in October and December of 2007.

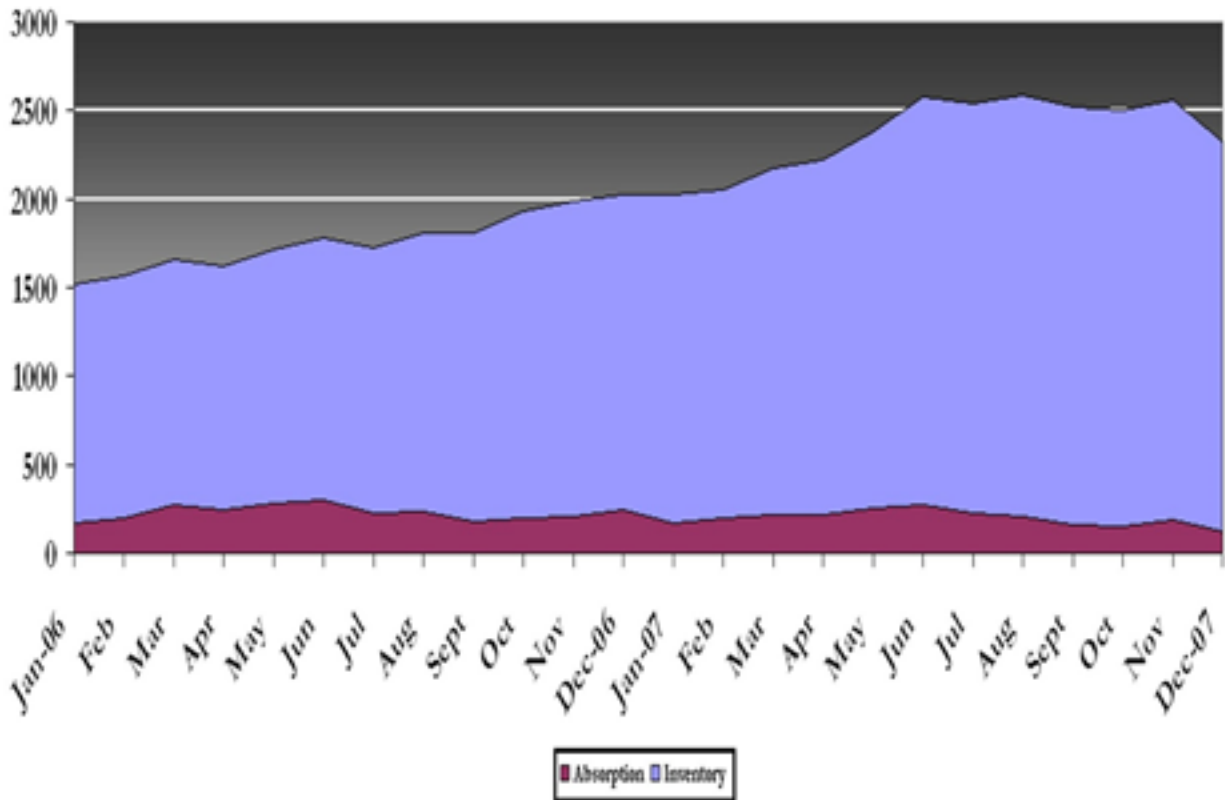


The chart above shows the absorption rate by price range. You will note that all price ranges declined to some extent; however, the \$150,000 to \$250,000 price range suffered the greatest decline. The average price house in this market is about \$200,000 and is dictated by what the military buyers can afford.



The above chart shows a year by year comparison in 2006 and 2007 in parallel lines. It shows similar performance for each year until December of 2007 when the departure was dramatic and obviously recessionary by the end of 2007.

2006 & 2007 New Home Absorption vs Inventory



The above chart shows how the inventory of housing units increased while the absorption rate declined. It became apparent in July of 2007 that there was a noticeable decline in absorption while the inventory was building up to a record level of over 2500 units in this market.