

I am asked almost daily if the so-called “housing bust” is over.

My personal opinion is that – in Port Angeles at least – we’ve not experienced a true “bust” at all. Instead, I think we are currently in a “healthy” market. By that I mean it’s neither a buyers nor a sellers market. As the numbers below indicate, in Clallam County, housing prices have stabilized to some extent but still continue to clean at a healthy rate.

Median Home Price for Clallam County Sales reported in the Olympic Listing Service (our local MLS)		
YEAR	MEDIAN PRICE	% OF CHANGE
2000	\$120,000.00	
2001	\$131,000.00	9.17%
2002	\$133,450.00	1.87%
2003	\$149,000.00	11.65%
2004	\$167,000.00	12.10%
2005	\$220,000.00	31.74%
2006	\$254,000.00	15.45% YTD

This healthy market is made even more attractive given that interest rates are stabilizing.

Other markets may not be quite so lucky, especially if they were unsustainably high to begin with, but even those markets seem to be improving steadily.

In a recent Wall Street Journal online survey of economists, 49 responding experts predicted nearly two-to-one that the worst is over and that home prices will begin to rise – however much slower than the double-digit numbers many parts of the country – including the Olympic Peninsula

– saw in 2005.

Richard DeKaser, an economist at National City Corp., a big mortgage provider, said he thinks the buying slump is ending. “We’re starting to see inventories topping out and possibly declining,” he said, forecasting a 4.4% increase in prices this year.

David Lereah, the National Association of Realtors chief economist, said market fundamentals are improving. “The present level of home sales demonstrates some confidence in the market, but sales are lower than sustainable due to psychological factors,” he said. “The demographics of our growing population, historically low and declining mortgage interest rates, and healthy job creation mean the wherewithal is there to buy homes in most of the country, but many buyers remain on the sidelines. After a period of price adjustment, we’ll see more confidence in the market and a lift to home sales should be apparent in the first quarter of 2007.”

The housing market, of course, isn’t uniform across the country or even across the state. Many economists expect price declines next year to be confined to “bubble” markets, such as those in Florida, California and cities in Nevada and Arizona, where large numbers of investors have artificially inflated prices.

Regionally, existing-home sales in the West rose 6.4 percent to an annual pace of 1.33 million in October but were 18.9 percent lower than a year earlier. The median price in the West was \$340,000, down 0.6 percent from October 2005.