



UNDERSTANDING THE CURRENT LEHIGH VALLEY HOUSING MARKET: EXPLORING LOW INVENTORY TRENDS

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BRIEF OVERVIEW OF LV REAL ESTATE MARKET 2023

- From GLVR 2023 year end Report: 2023 was a challenging year for the Lehigh Valley housing market caused by:
- mortgage rates hit a 2-decade high
- housing inventory remained at historic lows
- sales prices continued to climb
- Housing affordability remained a top concern for homebuyers, mortgage payments are up significantly from 2022, with a number of homeowners now spending more than 30 percent of their income on their monthly payment.
- As a result, sales of previously owned homes remained sluggish throughout the year, while the shortage of existing-home inventory helped sales of new residential homes steadily increase from last year.
- Higher mortgage rates aren't just affecting buyers. Many current homeowners rather than give up their current mortgage rate for a higher rate and a more expensive monthly payment, some would-be sellers have chosen to put their moving plans on hold, further limiting the number of homes for sale and driving up home prices in the process.
- Sales: Pending sales decreased 15.5 percent, finishing 2023 at 6,291. Closed sales were down 19.7 percent to end the year at 6,193. Listings: Comparing 2023 to the prior year, the number of homes available for sale was down 30.3 percent.

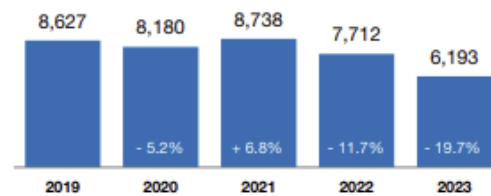
QUICK FACTS 2023 ANNUAL REPORT GLVR

2023 Annual Report on the Greater Lehigh Valley Housing Market

Quick Facts



Closed Sales



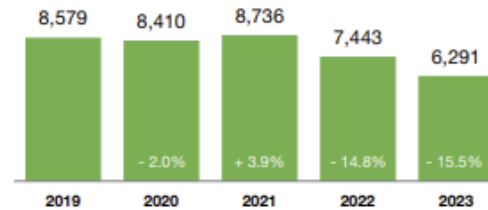
Top 5 Areas: Change in Closed Sales from 2022

Whitehall	+ 5.7%
Southern Lehigh	- 6.0%
Bangor Area	- 7.5%
Easton	- 15.9%
Northern Lehigh	- 16.3%

Bottom 5 Areas: Change in Closed Sales from 2022

Allentown	- 25.3%
Wilson	- 29.6%
Salisbury	- 30.9%
Catasauqua	- 31.5%
Northwestern Lehigh	- 35.3%

Pending Sales



Top 5 Areas: Change in Pending Sales from 2022

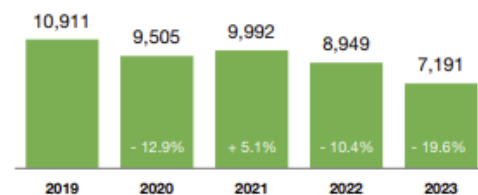
Whitehall	- 2.4%
Bangor Area	- 2.5%
Northampton	- 3.5%
Catasauqua	- 5.0%
Easton	- 10.9%

Bottom 5 Areas: Change in Pending Sales from 2022

Northwestern Lehigh	- 23.3%
East Penn	- 23.4%
Saucon Valley	- 26.0%
Salisbury	- 29.3%
Wilson	- 31.0%

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New Listings



Top 5 Areas: Change in New Listings from 2022

Catasauqua	- 2.1%
Northampton	- 7.8%
Bangor Area	- 8.0%
Whitehall	- 12.2%
Bethlehem	- 16.7%

Bottom 5 Areas: Change in New Listings from 2022

Nazareth	- 28.7%
Northwestern Lehigh	- 30.9%
Wilson	- 31.1%
East Penn	- 31.5%
Salisbury	- 33.5%

Median Sales Price



Top 5 Areas: Change in Median Sales Price from 2022

Southern Lehigh	+ 19.6%
Wilson	+ 18.1%
Salisbury	+ 13.4%
Saucon Valley	+ 12.6%
Easton	+ 11.7%

Bottom 5 Areas: Change in Median Sales Price from 2022

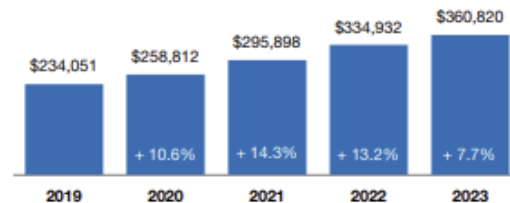
East Penn	+ 5.1%
Northern Lehigh	+ 4.2%
Parkland	+ 2.8%
Nazareth	- 1.0%
Northwestern Lehigh	- 1.4%

QUICK FACTS 2023 ANNUAL REPORT GLVR

2023 Annual Report on the Greater Lehigh Valley Housing Market Quick Facts



Average Sales Price



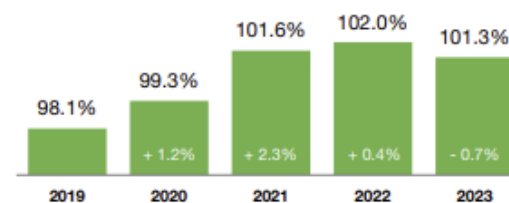
Top 5 Areas: Change in Avg. Sales Price from 2022

Southern Lehigh	+ 20.2%
Salisbury	+ 14.1%
Saucon Valley	+ 11.4%
Northampton	+ 10.8%
Wilson	+ 10.5%

Bottom 5 Areas: Change in Avg. Sales Price from 2022

Bethlehem	+ 4.5%
Parkland	+ 4.4%
East Penn	+ 3.4%
Northern Lehigh	+ 3.4%
Catasauqua	+ 2.6%

Percent of List Price Received



Top 5 Areas: Change in Pct. of List Price Received from 2022

Catasauqua	+ 0.6%
Northern Lehigh	+ 0.4%
Pen Argyl	+ 0.3%
Saucon Valley	- 0.1%
Southern Lehigh	- 0.2%

Bottom 5 Areas: Change in Pct. of List Price Received from 2022

Bangor Area	- 0.8%
Salisbury	- 1.2%
Northampton	- 1.4%
Wilson	- 2.0%
Northwestern Lehigh	- 2.2%

INTERVIEW LOCAL BROKER, REALTOR SINCE 1980'S

- January 24, 2024 Notes from Broker Jack Gross at Cassidon Realty / Better Homes & Gardens
- Current Lehigh Valley Market insights;
- Supply is main issue:
 1. A lot of people are not moving up because of low mortgage rates they currently have. So they will add to house rather than selling and buying new bigger home.
 2. Builders can't build affordable housing – they can't make up the cost. It costs too much to build, so you just see
 - a. Mini Mansions being built or
 - b. Large high end rental apartment buildings
 3. People who own multiple homes are not selling because:
 - a. 20%-25% capital gains tax
 - b. Better to keep the real estate asset than selling it due to inflation. Real estate increases in value and cash money decreases in value. Both due to inflation.
- Until these items change, will not have an increase in supply of real estate homes in the area.
- Lehigh Valley is geographically blessed:
 1. Since Fed Ex – highly attractive to companies because of the location, it made us a Shangri-la of warehouses.
 2. We are within a days ride of 60% of the population of the country.
 3. Another issue – learned from Covid, people can work in NY at NY wages and live in the Lehigh Valley at Lehigh Valley costs. They can work from home – very appealing.
 4. Sell expensive home in NY and buy a much nicer place here for about 1/3 the price
 5. To people in NY and Northern NJ we are Walmart (a bargain).
- Highly appealing to corporations and residential workers.

PA ASSOC REALTORS ARTICLE

Homeowners Staying Put and Completing Home Projects in 2024

By Hope Walborn | Jan. 29, 2024 | 2 min. read



This year, homeowners are less interested in moving and more interested in completing home maintenance, upgrades and repairs, according to [a report by home insurance group Hippo](#).

Compared to their survey in 2022, homeowners are 12% less interested in selling their homes this year and 13% less interested in buying a second property. Homeowners' main priorities now are home upgrades (29%), home security and safety (32%) and home monitoring and services to help prevent issues (23%).

In the new year, participants said their main concerns were budgeting and financing (39%), home repair expenses (38%), home insurance premiums (26%) and protecting their property from damage (26%).

Expensive home repairs can come as a surprise and eat away at homeowners' budgets. In 2023, 33% of survey respondents said they budgeted \$1,000 or less for repairs, and 46% said they had something unexpected go wrong in their home. The most common home issues were appliance breakdowns (31%), water damage (23%) and roof damage (20%).

Homeowners can save money on repairs and maintenance by completing their own DIY projects when they're able to. Thirty-six percent of participants said they are tackling their own maintenance and repairs, but 27% said they still struggle to decide whether to hire professional help or DIY it.

Although homeowners' main focus this year is on maintaining their current homes instead of buying new ones, they reported finding joy in homeownership through completing maintenance and repairs (47%) and learning skills to care for their homes (38%).

The survey found that although homeownership can have its challenges, it continues to be worthwhile to homeowners because it provides control over their living environment (43%), personal pride and fulfillment (38%) and a stable living environment to create lasting memories (37%).

TOUGH TIME FOR HOMEBUYERS

- Increased home prices
- Increased interest rates
- Average mortgage payment from approx. \$1,000 to \$2,000 per month.
- Low inventory
- Tough to get through bidding process – frequently multiple offers
- Homes frequently sell for over asking price
- If home does not appraise, the buyer needs extra cash to pay the difference needed for lower appraisal value

Top Reasons People Move

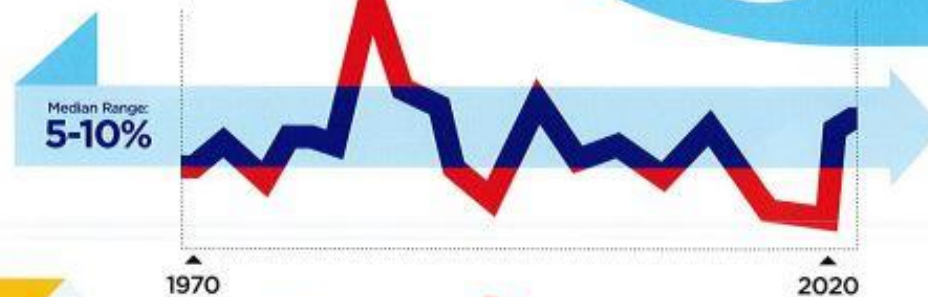
- To be closer to family and friends.
- Need more space.
- Love their rate, but not their house.
- Want a better neighborhood.
- Want a vacation home.
- Lots of equity, lots of choices.
- Legacy real estate.
- Time to downsize.
- Out-of-area relocation.
- Change of work or life.

Average Interest Rates

30-Year Fixed Mortgage

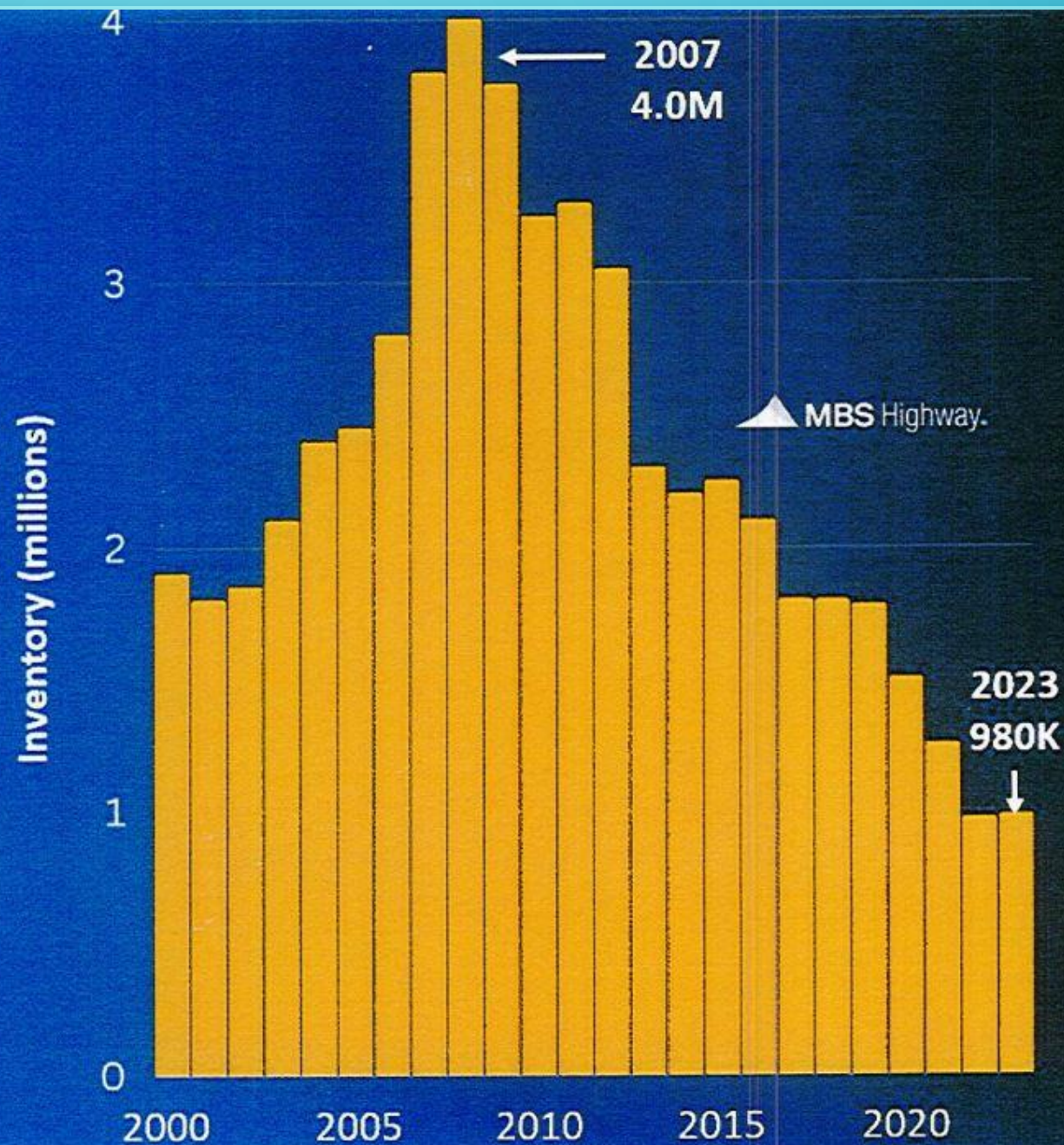
Interest rates fluctuate, but over the past three decades they've hovered in the 5-10% range.

18.6%
Oct 1981



Existing Home Inventory

1999 – 2023



Betting against the champ

73-7-1 since 1941

- People think that because prices have gone up in 2020 and 2021 by large amounts, there must be a drop
- We've had periods like this before
 - 1943 through 1947 – home prices up 118%
 - After that, home prices went up for 43 more years without a drop
 - 1974 through 1979 – home prices up 93%
 - After that, home prices went up 10 years before going down only 1% in 1990
 - Then another 14 consecutive positive years
- Everyone focuses on 2007 through 2011
 - Inventory – 4M in 2007 versus 980k today
 - Much different lending standards than today

Year	% change	Year	% change	Year	% change
1942	3%	1969	7%	1996	2%
1943	11%	1970	8%	1997	4%
1944	17%	1971	4%	1998	6%
1945	12%	1972	3%	1999	8%
1946	24%	1973	3%	2000	9%
1947	21%	1974	10%	2001	7%
1948	2%	1975	7%	2002	10%
1949	0%	1976	8%	2003	10%
1950	4%	1977	15%	2004	14%
1951	6%	1978	16%	2005	14%
1952	4%	1979	14%	2006	2%
1953	12%	1980	7%	2007	-5%
1954	1%	1981	5%	2008	-12%
1955	0%	1982	1%	2009	-4%
1956	1%	1983	5%	2010	-4%
1957	3%	1984	5%	2011	-4%
1958	1%	1985	7%	2012	6%
1959	0%	1986	10%	2013	11%
1960	1%	1987	8%	2014	5%
1961	1%	1988	7%	2015	5%
1962	0%	1989	4%	2016	5%
1963	2%	1990	-1%	2017	6%
1964	1%	1991	0%	2018	5%
1965	2%	1992	1%	2019	4%
1966	1%	1993	2%	2020	10%
1967	2%	1994	3%	2021	19%
1968	4%	1995	2%	2022	6%

Population estimate by single age cohort in millions, 2022

