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Tahoe Donner Market Newsletter— Q2 2009

Stats and Trends for second quarter 2009

The second quarter of 2009 saw the continued dominance of the value buyer, as there were very few properties for which buyers paid ANY kind of premium. They are clearly looking for lower price, solid floor plans that will make good rentals, and family retreats with an upside that outweighs the downside, which is easily seen in the homes that were purchased. Of the 48 single family homes closed this past quarter, 34 of them (or 70%) sold below \$700,000. In comparison, of the 163 homes on the market now, only 50% of them are below \$700k. Homes with bad driveways, poor roof lines and choppy floor plans just didn't sell unless they were given away, and this helped bring our average price down. Many of these homes were last purchased with the help of an out of area agent who had no idea what a steep driveways and poor roof lines can do to value and salability. This is absolutely a terrible time to sell property here and a wonderful time to be buying.

The condo market in Q2 was virtually the same as last year. There were 6 units sold with a price range from \$203k to \$342k—the higher priced condos just aren't being picked up. The extra expenses of the additional condo association fees are also keeping buyers at bay and leading them to single family homes. The silver lining is that there are currently 8 condos in escrow, one of them awaiting bank approval for a short sale.

The lot market continues to slog along due to virtually no availability for land loans. Cash is king right now with lots and sellers are really looking for cash offers to make a successful closing a reality. It's a great time to buy land if cash is weighing you down. A total of 2 lots were sold in the second quarter in Tahoe Donner, with 58 still on the active list with prices ranging from \$99,950 to \$500,000.

Looking Ahead

Tahoe Donner is such an amazing place to be in the Summer. This weekend was very busy with owners taking advantage of the long weekend of perfect weather, outdoor activities and the Tahoe Donner amenities. It is important to understand that this community is proven, and there is no doubt about its long term viability. This stands in sharp contrast to many other communities in Truckee and that is why it is worth mentioning. Everyone wants to know what will happen to values from here. We've been in decline for over 3 years now which is such a huge and lasting trend that it is easy to assume there is no end in sight. Prices are down 25-40% across the board from the inflated high prices of the boom. We are basically back to 2003 pricing in Tahoe Donner.

Interest rates are over a point lower than this time last year and should remain relatively low through August. That's when the Treasury has said they will continue to buy mortgage bonds. Beyond that it is anyone's guess. Keep in mind the monthly payment on a given house at today's prices and interest rates will be essentially the same as if the house was purchased for 5% less money, but rates went up by a half a point. These low rates provide so much leverage for your purchasing power that it makes it hard to ignore. Today's rate quote is 5.125% on a conforming loan with 20% down. We have seen low rates for so many years now that we have grown accustomed to it and may even assume they are here to stay. If you are thinking of buying in the near future please call your loan originator, or ask me for mine, and speak with them about it. Rates are going up in the medium to long term so don't miss this boat!

If you have any questions on the market please give me a call or email me. Enjoy the summer!

*Statistics are based on MLS information from the Tahoe Sierra Board of Realtors

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