

Soft Data from REALTOR® Members

By Lawrence Yun, Chief Economist



We survey our members periodically to get at information that is not readily available from MLSs or via other hard data sources. A recent market assessment survey of data from over 2,000 Realtors® was completed in June and here are the findings.

40 percent indicated having assisted in selling foreclosed property in 2008.

- Most indicated little problem with their clients getting a mortgage. Specifically, 68 percent said either none or less than one-fifth of clients were not able to get a mortgage. Only 8 percent indicated that half or more of their clients were not able to get a mortgage.

The most interesting results, from my point of view, were about clients postponing their purchase of a home. The question posed was "In thinking of your most recent potential buyer in 2008, did the client postpone their home buying decision?"

- 50 percent said no, and said the buyer bought in the end
- 23 percent said the potential buyer did not buy, preferring to wait for prices to fall further
- 6 percent said the potential buyer did not buy because of mortgage difficulties
- 4 percent said the potential buyer could not locate that 'perfect' home
- 7 percent said the potential buyer needed to first sell the current home
- 9 percent said the potential buyer changed their mind due to various personal reasons

What is striking is the second bullet point. There are a measurable number of potential buyers who have the financial capacity and mortgage qualifications, yet are refusing to jump into the market because of price decline fears. These hesitant buyers far outnumber the people who are unable to secure a mortgage.

The implication is that once there are signs of market stabilization then we may see a rush of buyers returning to the market. The recovery could be robust rather than tame. It also implies that the homebuyer tax-credit being discussed in Congress right now as part of the housing stimulus bill could make a big impact in drawing buyers to the closing tables.

Separately, I have received a lot of feedback from Realtors® across the country about some unique factors that are not yet being captured in hard, quantifiable statistical data. The common themes are:

- (1) Short sales are excruciatingly frustrating because lenders take

Did You Know?

One-quarter of first-time buyers are single females who purchased their first home on a median income of \$44,500.

Source: [2007 NAR Profile of Home Buyers and Sellers](#).

Top Ten: Home Features Desired by All Home Buyers

1. Central Air Conditioning
2. Garage (2 or more spaces)
3. Walk-in closet in master bedroom
4. Backyard/play area
5. Cable/Satellite TV-ready
6. High-speed Internet Access
7. Separate shower enclosure in master/main bath
8. Patio
9. Fencing
10. Home less than 10 years old

Source: [NAR 2007 Profile of Buyer's Home Feature Preferences](#)

forever to reply

- (2) REO (bank-owned) properties are getting multiple bids and selling above list price
- (3) Homes sell without a problem if priced correctly
- (4) Many eager buyers cannot buy because they cannot sell their existing home
- (5) Buyers of fixer-uppers are not buying because of the high cost of construction
- (6) Builders are selling for less than the cost of construction and hurting the existing home market
- (7) Low appraisals are leading to fallouts
- (8) High gas prices are impacting neighborhoods far out from the city
- (9) The media is painting inaccurate picture not related to my local market conditions and scaring away the buyers
- (10) Buyers are waiting for the prices to drop further before committing

Most of these factors, as I see it, point to sizable pent-up demand waiting to be released into the marketplace. Particularly intriguing is the prevalence of multiple bids - after prices drop. Once it begins to take place, many buyers will be buying on the way up rather than on the way down. As is always the case, the market bottom will have been realized only after the fact.

Here are some notable excerpts (some changed for clarity and brevity):

- Reno, NV - closed to half of sales are foreclosed/bank owned properties, but low prices have led condo sales to nearly triple from a year ago.
- Loudon County, VA - Home sellers need to be realistic on prices. A home is listed at \$975,000 and is also offered for rent at \$3,000. Do the math and they do not match.
- Honolulu, HI - High energy costs are a major concern since all imported goods to the island require long transports. The high associated cost of living could impact housing demand.
- Stockton, CA - High fuel prices have effectively raised the cost of home in the area for people commuting to the Bay Area. The majority of buyers of REO homes are investors. Listing agents report that their short sale owners have not received a Notice of Default, even after a year of no house payments.
- FL - A neighbor has not made a payment since summer of last year yet has not received a notice of foreclosure.
- Undisclosed - High energy usage is impacting older homes
- Outer Banks, NC - Few are visiting to browse vacation homes because of the high gas prices
- An outer suburb of Boston, MA - The high cost of long commutes has deterred buyers looking for affordable homes this far out in the suburbs.
- Austin, TX - Prices here are going strong, but the outer edges (requiring long commutes) are seeing price declines
- Ft. Worth, TX - Had the best year in over 25 years in 2007 and my husband also had a terrific year as a builder. Oil is helping the local economy.
- Charleston, SC - Agents are still taking overpriced listings (thereby inflating inventory that sits on the market for long time). My team, however, has been selling homes at a good pace in less than 30 days for 98% of the list price on average, because the owners allowed me to price the property.
- Spokane, WA - Well-priced homes are selling and the best