

HOUSING TRENDS UPDATE

February 2010

Housing Trends Update is derived from the

Campbell/Inside Mortgage Finance Monthly Survey of Real Estate Market Conditions

It is based on a national survey of more than 1,500 real estate agents each month and provides up-to-date intelligence on home sales and mortgage usage patterns throughout the United States



Housing Trends Update

Housing Trends Update is published monthly and is available only to real estate agents who are part of the Campbell/Inside Mortgage Finance monthly survey panel.

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Short Sales Rocket Upward, Take No. 1 Position in Distressed Property Sales

Short sales have become the largest category of distressed property transactions, accounting for well over a third of these transactions, according to the latest Campbell/Inside Mortgage Finance Monthly Survey of Real Estate Market Conditions.

The importance of short sales transactions as compared to the overall home purchase market is also growing rapidly. In November of 2009, short sales accounted for 12.4% of the home purchase market, behind move-in ready REO at 12.6% and nearly even with damaged REO transactions at 12.3%. By January 2010, short sale transactions had grown to account for 15.9% of the home purchase market.

Short sales have become a preferred means of resolving mortgages in default, both for large lenders and for the government agencies supporting lenders' efforts. Short sales typically result in lower lender losses and houses left in more saleable condition.

Moreover, borrowers that agree to a short sale can often buy another house with mortgage financing after only two years. For borrowers going through the foreclosure process, mortgage financing can be unavailable for a period of five to seven years.

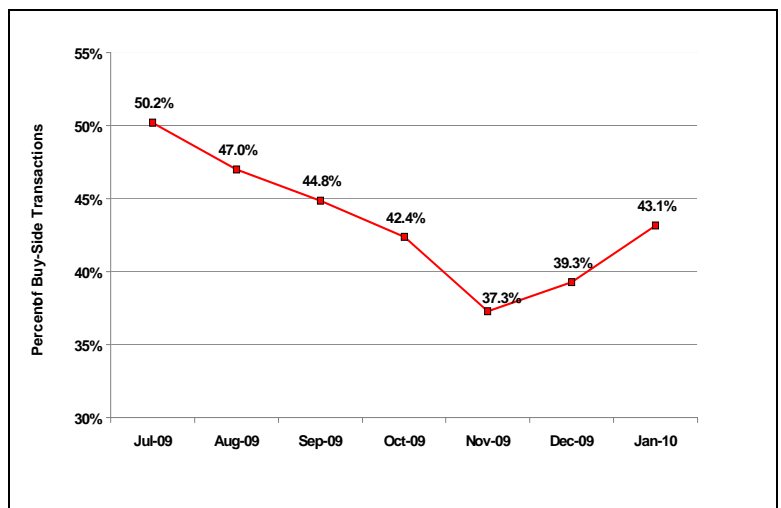
"Short sales took a temporary dip in November around the expected expiration of the first-time homebuyer tax credit," reported Thomas Popik, research director for the Campbell/Inside Mortgage Finance survey.

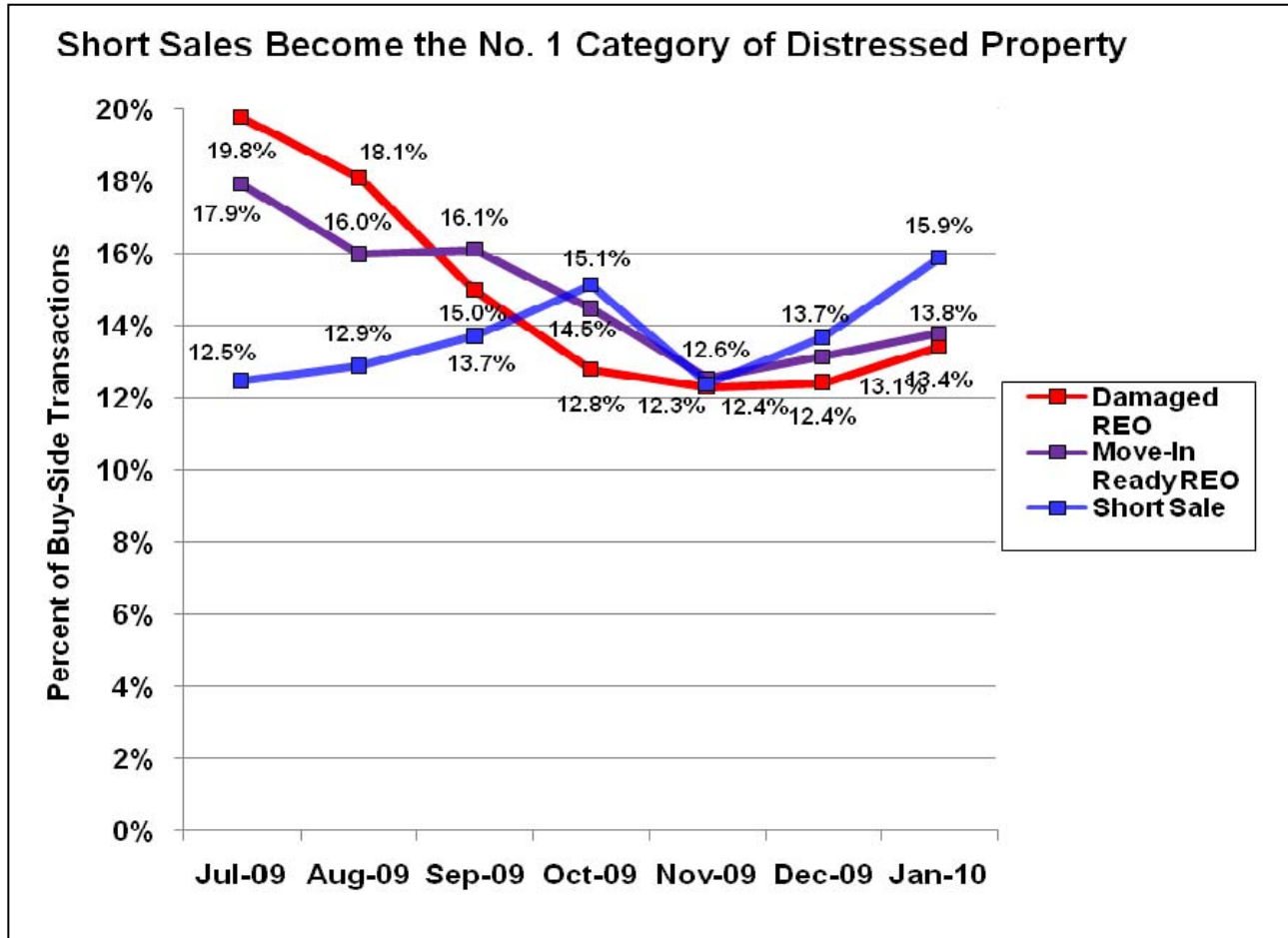
"Few first-time homebuyers wanted to take the chance that their short sale transaction wouldn't be approved by the November 30 deadline. But now that the tax

Proportion of Distressed Property Sales

The percentage of distressed property sales in the housing market rose for the third straight month in January, reversing four months of declines.

Source:
Campbell/Inside Mortgage Finance Monthly Survey of Real Estate Market Conditions





credit has been extended, we see first-time homebuyers once again snapping up attractively priced short sales,” he added.

Short sale properties are most often purchased by first-time homebuyers, the survey results revealed. Currently, mortgage servicer approval on offers for short sale properties can take several months, making these transactions difficult for current homeowners who often need to conduct not one, but two, transactions in quick succession. In contrast, first-time homebuyers more often have flexibility around the timing of short sale closings.

“Sixty percent of the homes on the market are short sales in all levels of completion, 40% are REO, and the balance are probate or regular sales,” reported a real estate agent survey respondent located in California. An east coast agent in Massachusetts stated, “I would say that 1 in 4 listing is a short sale or REO. I currently list and close short sales more than any other property type.”

Similar comments were received from agents in many other areas of the country. “Though I have always worked on all residential sales, I have primarily focused on short sales on the past 12 months,” reported a Minnesota respondent.

“We are in one of the highest unemployment states in the country, just hovering at about 13%. Foreclosure and short sales business is our major market now,” said a Rhode Island agent. “There still too many short sales on the market and more are coming each day. People are getting rid of high payments if they can or are legitimately loosing their home. We need to get rid of all these short sales if the housing market overall is to stabilize,” opined a real estate agent in Washington State.