

# HOUSING TRENDS UPDATE

## January 2012

*Housing Trends Update* is derived from the

### Campbell/Inside Mortgage Finance HousingPulse Tracking Survey

It is based on a national survey of more than 2,500 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 HousingPulse survey panel.

For information on joining the panel contact John Campbell at Campbell Surveys.

202-363-2069  
john@housingpulse.com

Copyright © 2012 by Campbell Surveys

www.housingpulse.com

## Investors Drive Down Home Prices with Low Bids, Latest *HousingPulse* Finds

Cash buyers, many of them investors, are putting downward pressure on home prices, according to the latest *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey*.

In December 2011 the overall proportion of cash buyers in the housing market surged to a record 33.2%, up from 29.6% a year earlier. But among investor homebuyers, the proportion of cash buyers was much higher. A huge 74% of investors used all cash to buy homes last month.

The *HousingPulse* survey also found that cash buyers are able to bid significantly lower - and successfully - on many properties because they offer a shorter and more reliable closing timeline. This is particularly true for bids on distressed properties, because mortgage servicers selling foreclosed properties or real estate owned generally prefer transactions that can settle within 30 days.

The total share of distressed properties in the housing market in December, as represented by the *HousingPulse* Distressed Property Index (DPI), continued at a high level of 47.2%, using a three-month moving average. This is the 24th month in a row that the DPI has been above 40%.

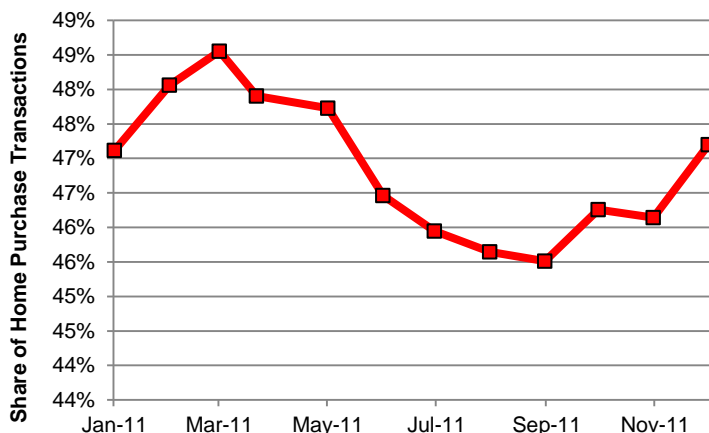
Investors accounted for 22.8% of home purchases in December 2011, up from 22.2% a month earlier. But despite their relatively small share among homebuyers, investors have an outsize effect on home prices because their bids bring down market prices.

While investor bids may not be the first offers accepted, they often end up winning properties after other homebuyers are eliminated because of mortgage

### Distressed Property Sales Climb at Year-End 2011

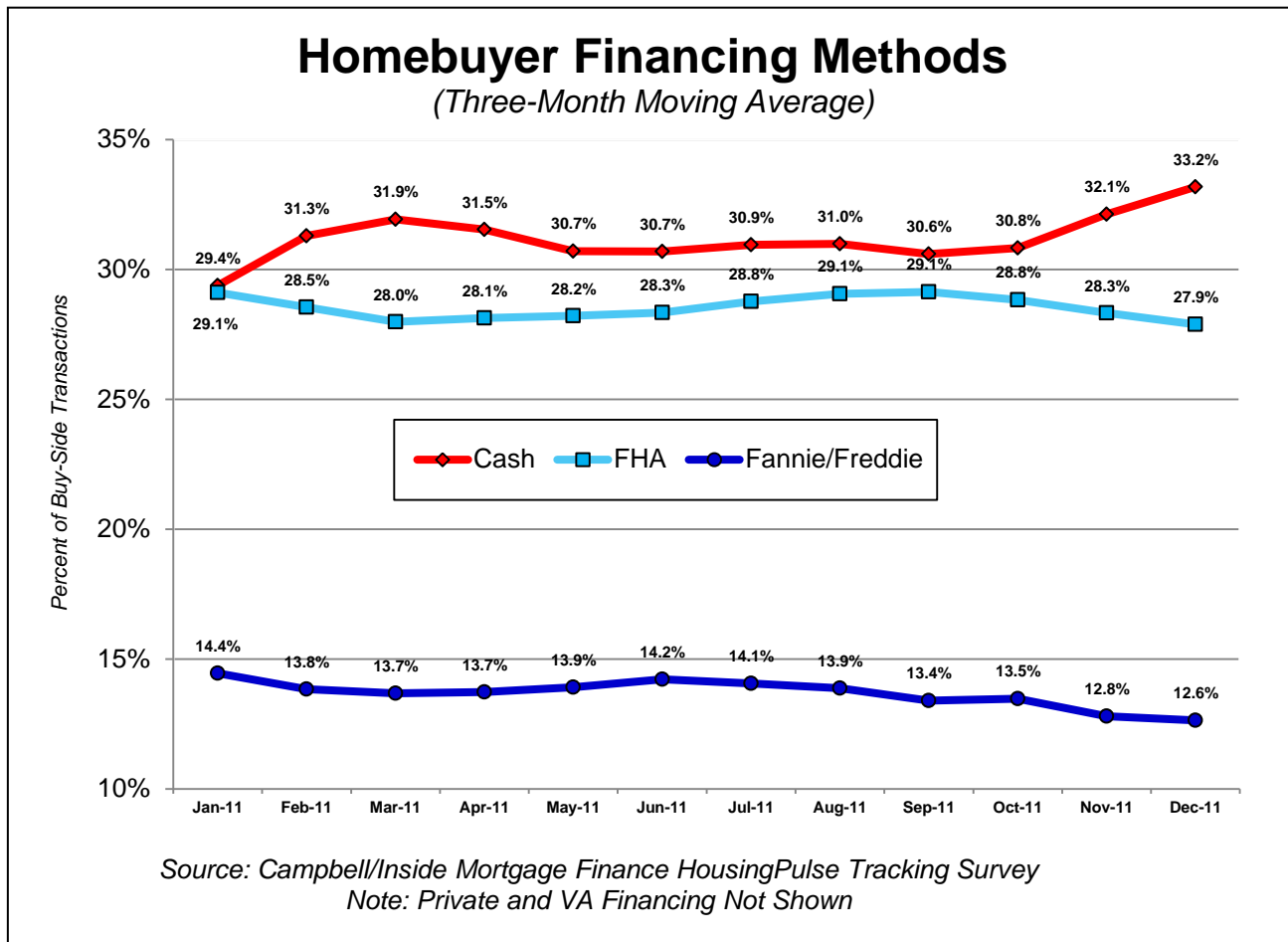
The *HousingPulse* Distressed Property Index (DPI) ended 2011 at 47.2%, the highest level since May based on a three-month moving average.

Source:  
*Campbell/Inside Mortgage Finance HousingPulse Tracking Survey*



approval or timeline problems. Appraisals below the contracted price are a common reason for mortgage denials. Most mortgage financing timelines are now in excess of 30 days.

Real estate agents responding to the survey commented on low bids from investors. "Investors usually offer 10%-20% below list up to a price of \$250K. First time homebuyers are (offering) close to list (price) as are current homeowners. Investors want 2-4 weeks to close ...Financing buyers end up with 6- 8 weeks plus to close," reported an agent in Arizona.



"Investors are very aggressive and expect to see 15%-20% off list, they will close in 30 days or less and most are cash buyers. First time homebuyers are in a market that sometimes sell for over list price which is difficult 'at first' for them to understand," reinforced another agent in California.

"In competitive offer situations, cash offers prevail for the most part because of the common knowledge of lender closing issues. Cash sales close in 21-30 days. FHA sales close in 45 to 60 days," reported an agent in New Jersey.

To listen to a recording of Thomas Popik, research director for Campbell Surveys, explain more on the dynamics of the December housing market, click on this link:

[January 2012 HousingPulse Audio File](#)

## Residential Real Estate Pricing and Commission Metrics

Average Sales to Listing Price Ratio	2011 Year to Date		Short Sale	Non-Distressed
	Damaged REO	Move-In Ready REO		
Region	REO	REO	Short Sale	Distressed
AZ & NV	97%	99%	96%	94%
California	97%	99%	96%	96%
Farmbelt	89%	97%	92%	95%
Florida	93%	96%	91%	93%
Industrial Midwest	92%	94%	91%	94%
Northeast	94%	95%	93%	94%
Oil Producing	90%	97%	92%	95%
Pacific NW	98%	96%	95%	96%
Rocky Mountain	91%	96%	92%	95%
South	90%	95%	91%	95%
<b>National Average</b>	<b>93%</b>	<b>96%</b>	<b>93%</b>	<b>95%</b>

Average Listing Side Commissions	2011 Year to Date		Short Sale	Non-Distressed
	Damaged REO	Move-In Ready REO		
Region	REO	REO	Short Sale	Distressed
AZ & NV	2.61%	2.56%	2.90%	2.79%
California	2.47%	2.51%	2.83%	2.65%
Farmbelt	2.70%	2.81%	2.92%	2.92%
Florida	2.74%	2.82%	2.90%	2.91%
Industrial Midwest	2.70%	2.78%	2.90%	2.85%
Northeast	2.65%	2.72%	2.86%	2.75%
Oil Producing	2.77%	2.68%	2.92%	2.80%
Pacific NW	2.75%	2.66%	2.80%	2.78%
Rocky Mountain	2.63%	2.72%	2.94%	2.74%
South	2.75%	2.63%	2.90%	2.80%
<b>National Average</b>	<b>2.68%</b>	<b>2.68%</b>	<b>2.88%</b>	<b>2.80%</b>

Average Buy Side Commissions	2011 Year to Date		Short Sale	Non-Distressed
	Damaged REO	Move-In Ready REO		
Region	REO	REO	Short Sale	Distressed
AZ & NV	2.88%	2.90%	2.78%	2.93%
California	2.74%	2.77%	2.71%	2.70%
Farmbelt	2.79%	2.87%	2.74%	2.77%
Florida	2.87%	2.86%	2.87%	2.94%
Industrial Midwest	2.86%	2.86%	2.80%	2.85%
Northeast	2.75%	2.69%	2.69%	2.66%
Oil Producing	2.87%	2.90%	2.87%	2.94%
Pacific NW	2.77%	2.84%	2.72%	2.81%
Rocky Mountain	2.87%	2.89%	2.79%	2.86%
South	2.89%	2.90%	2.85%	2.87%
<b>National Average</b>	<b>2.84%</b>	<b>2.85%</b>	<b>2.78%</b>	<b>2.82%</b>

## Housing Trends Update January 2012

---

### Average Property Price by Region--Year to Date

<u>Region</u>	<u>Damaged</u> <u>REO</u>	<u>Move-In Ready</u> <u>REO</u>	<u>Short Sale</u>	<u>Non-</u> <u>Distressed</u>
AZ & NV	\$122,907	\$166,064	\$168,793	\$244,723
California	\$205,767	\$274,717	\$299,273	\$446,451
Farmbelt	\$77,246	\$136,193	\$158,696	\$200,235
Florida	\$89,192	\$161,439	\$150,328	\$245,195
Industrial Midwest	\$61,178	\$116,632	\$151,746	\$204,300
Northeast	\$145,855	\$293,291	\$230,002	\$322,980
Oil Producing	\$67,795	\$180,758	\$156,149	\$211,131
Pacific NW	\$108,254	\$230,007	\$252,300	\$323,239
Rocky Mountain	\$147,171	\$165,359	\$191,025	\$248,399
South	\$78,910	\$156,345	\$189,109	\$220,914
<b>National Average</b>	<b>\$102,903</b>	<b>\$185,358</b>	<b>\$199,368</b>	<b>\$258,935</b>

