

HOUSING TRENDS UPDATE

August 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 3,000 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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Housing Market Continues to See Exodus by First-Time Homebuyers

First-time homebuyers continued to desert the housing market in July, according to the latest Campbell/Inside Mortgage Finance Monthly Survey of Real Estate Market Conditions. First-time homebuyers accounted for only 39.1% of the home purchase market last month, down from a peak of 48.2% as recently as March and the lowest level seen in at least a year.

“The end of the tax credit has clearly had an effect,” stated Thomas Popik, research director for Campbell Surveys. “First-time homebuyer participation is continuing to drop. We expect a further decline in first-time homebuyer activity, perhaps reaching as low as 30-35% of the market by the fall months.”

With homeowners continuing to fall behind on their mortgages, and more distressed properties coming on the market, first-time homebuyers serve the function of soaking up this excess inventory. In contrast, purchases by current homeowners have little positive effect of the housing inventory, because they usually sell a house at the same time they are buying another.

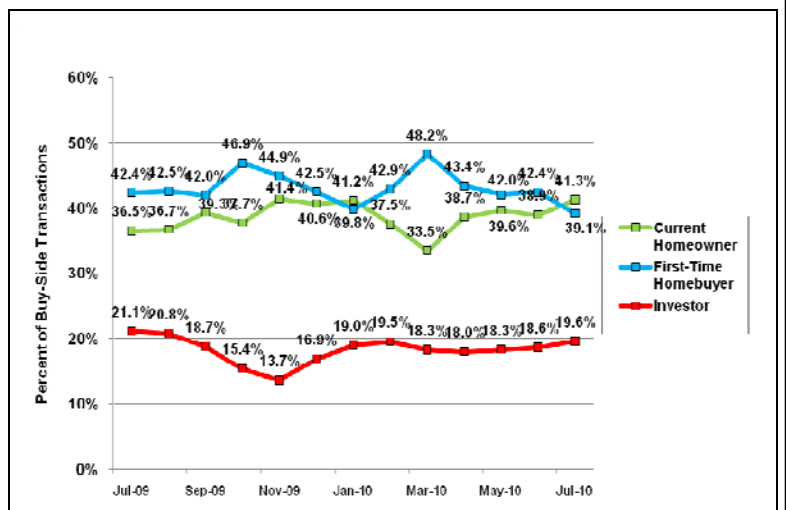
Fewer first-time homebuyers in the housing market will likely put downward pressure on home prices in the late summer and fall. However, in the near-term, real estate agents reported stable prices overall for the month of July and rising prices for non-distressed properties.

“Once the ‘free’ money (from the federal tax credit) was over, the market began to die. The sales that would have normally taken place over the summer took place in March and April to get the money. The residential market is dying—prices are gradually falling,” reported a real estate agent in Iowa.

Homebuyer Participation

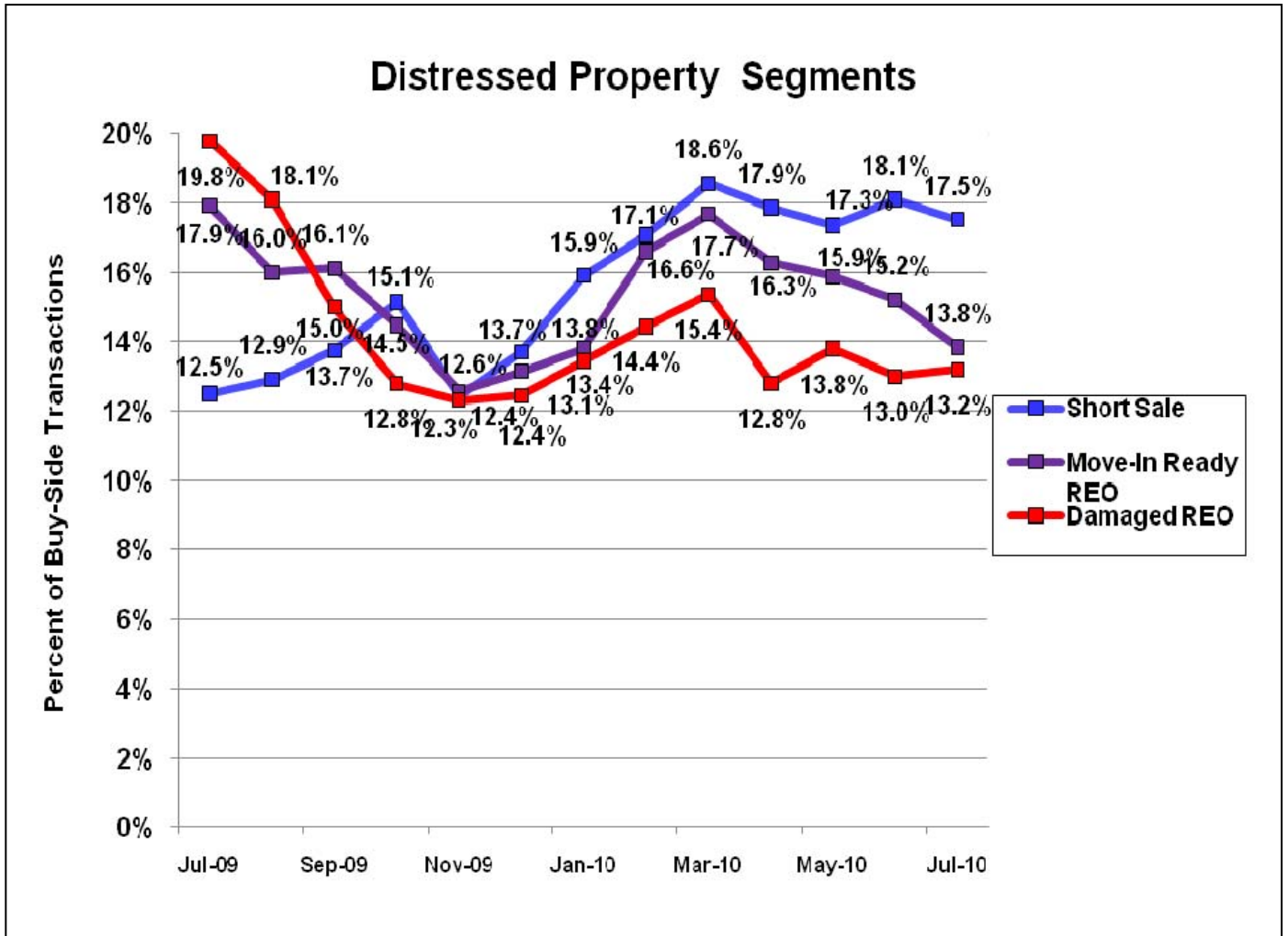
The first-time homebuyer share of the housing market this year has fallen from a peak of 48.2% in March to a low of 39.1% in July.

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



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“Non-distressed property pricing is rising too quickly. Anticipated REOs (foreclosed properties) coming on the market will impact this pricing by the end of September,” predicted another agent in Florida.



Short sales remain one of the few bright spots in the residential housing market. Time on market for short sales continued to decline, from an average of 20.5 weeks in February to 15.8 weeks in July. Significantly, first-time homebuyers made up a healthy 46.4% of short sale purchasers last month.

Real estate agents continued to complain about short sales timelines. “Most banks have worked on streamlining the (short sale) process. Even B of A who may be the worst for timeframes is down to approximately 4 months for an approval. (Down from 11-12 months.) With the long timeframes, fallout on short sales is still trending very high, as other homes come available and the buyers get frustrated with the wait,” reported an agent in California.

“I am the listing agent for two short sales...I received an offer and immediately submitted the offer to the bank on July 9th, as of August 9th, I have yet to be assigned a representative. It is extremely frustrating when you must wait for such a long time,” commented an agent in Georgia.

Number of offers for completed short sales averaged 2.7 in July, down from 3.2 as recently as June. As of July, both damaged REO and move-in ready REO averaged more offers than short sales.