

HOUSING TRENDS UPDATE

August 2011

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.

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Investors Reduce Presence in Struggling Housing Market, Latest *HousingPulse* Finds

Investor purchases of homes continued to decline for the third month in a row in July as investors were forced to adapt to new business models, according to the latest *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey*.

Reduced demand from owner-occupant homebuyers has required investors to rent out about one-half of the homes they purchase -- as opposed to renovating and flipping the properties.

The *HousingPulse Survey* found that investors accounted for only 19.6% of home purchase transactions in July. That was not only down from a 23.0% investor market share as recently as April, but also the lowest level for investors seen in 12 months.

The latest *HousingPulse Survey* results showed the proportion of first-time homebuyers in the housing market rose to 36.9% in July, from 35.4% in June.

Meanwhile, the *HousingPulse* Distressed Property Index (DPI) climbed to 46.2% in July from 44.7% in June, indicating a high percentage of foreclosed property sales and short sale transactions in the housing market.

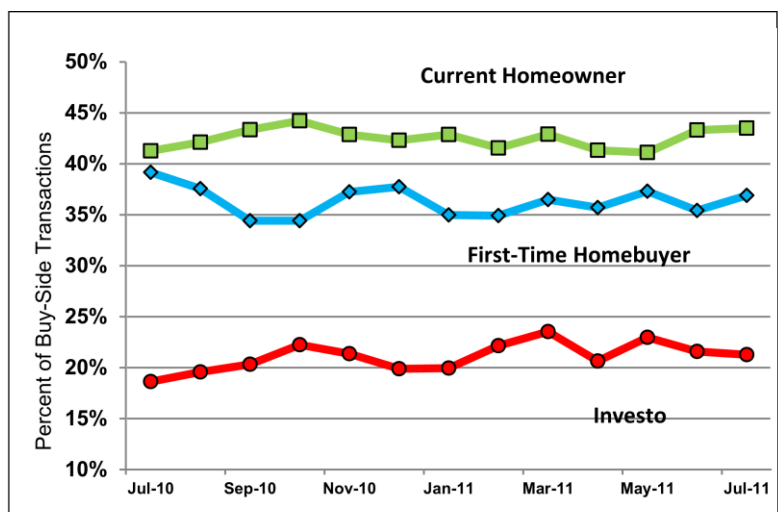
The gap between first-time homebuyers and distressed property supply was 9.3 percentage points in July, unchanged from June.

Given that home purchases by current homeowners do little to absorb the supply of distressed properties, the housing market is increasingly dependent on investors to pick up any slack in purchases by first-time homebuyers.

Homebuyer Participation in Housing Market

The latest *HousingPulse* data shows that investors reduced their share of home purchase activity in July for the third month in a row. The investor market share is at the lowest level – 19.6% - seen in a year.

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



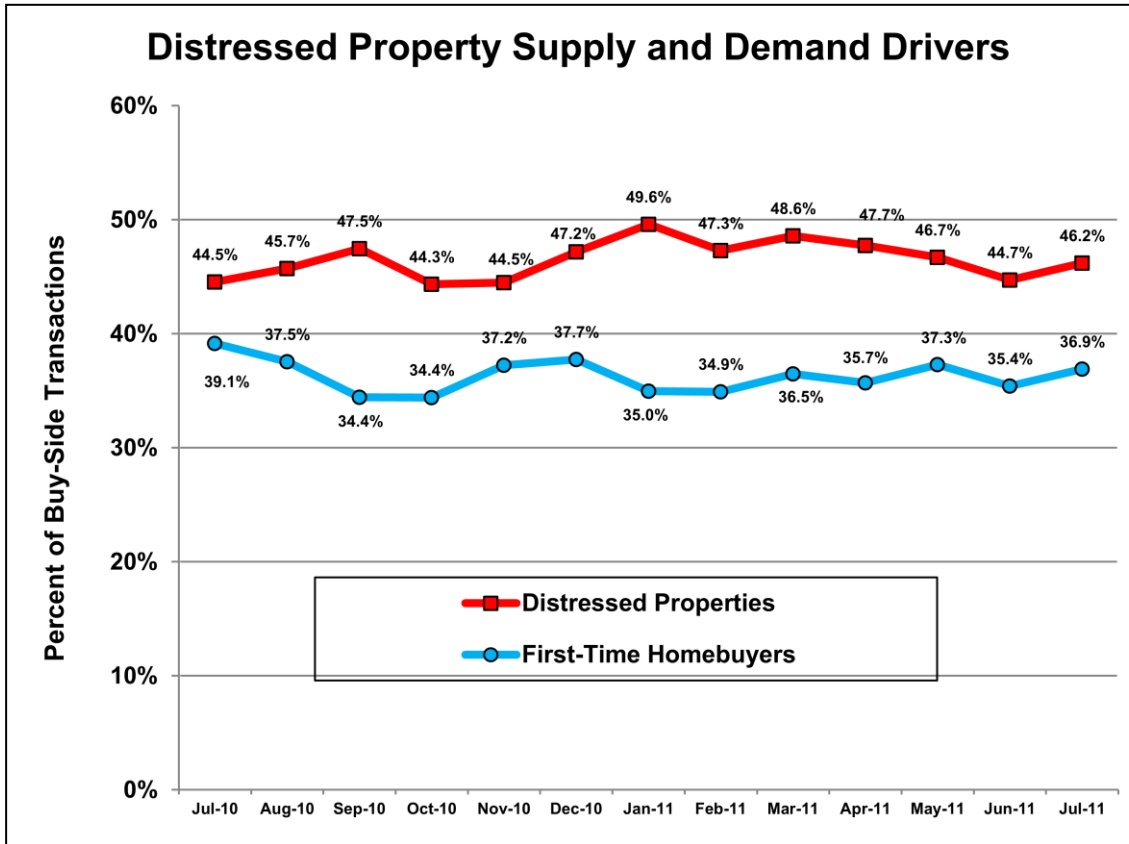
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But the inability of most investors to resell homes in the current housing environment has put a damper on their participation in the housing market this summer.

Campbell Surveys estimates that investors will ultimately rent out 48% of the properties acquired in the month of July 2011. A comparable figure for the month of July 2010 would have been investors renting out 28% of acquired properties.

Significantly, real estate agents responding to the July *HousingPulse Survey* indicated that the debate in Congress over the U.S. debt ceiling negatively affected homebuyer activity last month.

“I spoke with several would-be buyers who, because of the ridiculous behavior of our government, felt uneasy about purchasing at this time. This may be contributing to the hot rental market,” reported an agent in Washington State.



“Investors seem to want to profit from the unease of owner-occupant buyers, but the economic problems causes them to make lower and lower offers,” observed an agent in Connecticut.

“Investors were active, with cash to spend. Owner-occupants demonstrated fear and indecision,” reported an agent in Texas.

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

[August 2011 HousingPulse Audio File](#)

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Residential Real Estate Pricing and Commission Metrics

Average Sales to Listing Price Ratio	2011 Year to Date			
	Damaged REO	Move-In Ready REO	Short Sale	Non-Distressed
Region				
AZ & NV	96%	100%	94%	93%
California	98%	98%	95%	96%
Farmbelt	86%	97%	92%	95%
Florida	94%	97%	91%	92%
Industrial Midwest	91%	93%	91%	94%
Northeast	93%	94%	92%	94%
Oil Producing	90%	98%	91%	96%
Pacific NW	100%	95%	96%	95%
Rocky Mountain	90%	94%	94%	95%
South	88%	96%	92%	95%
National Average	92%	96%	93%	95%

Average Listing Side Commissions	2011 Year to Date			
	Damaged REO	Move-In Ready REO	Short Sale	Non-Distressed
Region				
AZ & NV	2.64%	2.46%	2.89%	2.79%
California	2.53%	2.55%	2.80%	2.65%
Farmbelt	2.70%	2.78%	2.87%	2.91%
Florida	2.71%	2.80%	2.87%	2.90%
Industrial Midwest	2.71%	2.82%	2.83%	2.85%
Northeast	2.68%	2.75%	2.83%	2.78%
Oil Producing	2.77%	2.69%	2.90%	2.77%
Pacific NW	2.78%	2.64%	2.75%	2.74%
Rocky Mountain	2.72%	2.79%	2.94%	2.73%
South	2.71%	2.67%	2.86%	2.81%
National Average	2.69%	2.70%	2.85%	2.80%

Average Buy Side Commissions	2011 Year to Date			
	Damaged REO	Move-In Ready REO	Short Sale	Non-Distressed
Region				
AZ & NV	2.83%	2.88%	2.80%	2.92%
California	2.71%	2.78%	2.69%	2.68%
Farmbelt	2.79%	2.86%	2.77%	2.78%
Florida	2.86%	2.88%	2.85%	2.94%
Industrial Midwest	2.86%	2.87%	2.81%	2.84%
Northeast	2.74%	2.68%	2.67%	2.65%
Oil Producing	2.88%	2.87%	2.82%	2.93%
Pacific NW	2.80%	2.84%	2.71%	2.79%
Rocky Mountain	2.87%	2.88%	2.77%	2.87%
South	2.89%	2.88%	2.85%	2.88%
National Average	2.83%	2.84%	2.77%	2.82%

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Average Property Price by Region--Year to Date

<u>Region</u>	<u>Damaged REO</u>	<u>Move-In Ready REO</u>	<u>Short Sale</u>	<u>Non-Distressed</u>
AZ & NV	\$89,275	\$181,390	\$175,297	\$253,645
California	\$215,421	\$273,076	\$314,472	\$463,614
Farmbelt	\$54,638	\$135,422	\$170,173	\$223,433
Florida	\$74,296	\$149,933	\$162,941	\$274,749
Industrial Midwest	\$57,938	\$114,015	\$150,493	\$205,604
Northeast	\$146,131	\$292,181	\$254,795	\$335,311
Oil Producing	\$74,107	\$141,596	\$171,552	\$216,376
Pacific NW	\$104,545	\$247,161	\$283,479	\$299,122
Rocky Mountain	\$122,463	\$191,046	\$197,221	\$260,974
South	\$79,973	\$159,060	\$202,022	\$227,811
National Average	\$95,642	\$182,164	\$213,874	\$269,111

HousingPulse Regional Map

