

HOUSING TRENDS UPDATE

December 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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Distressed Properties Continue to Put Pressure On Home Prices, Latest *HousingPulse* Finds

Despite solid demand for home purchases overall, a glut of distressed properties is continuing to put downward pressure on home prices, according to the latest *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey*.

Distressed properties accounted for a hefty 46.1% of home purchase transactions in November as reported in the *HousingPulse* Distressed Property Index (DPI), using a three-month rolling average. Significantly, November marked the 23rd month in a row that the DPI has been above 40%.

At the same time, however, homebuyer demand for housing appears surprisingly strong, especially for lower-priced foreclosed properties or real estate owned (REO). Time on market for move-in ready REO was just 10.1 weeks in November, the lowest in 15 months, according to *HousingPulse*. Time on market for damaged REO was even lower at 9.0 weeks in November, also the lowest in 15 months.

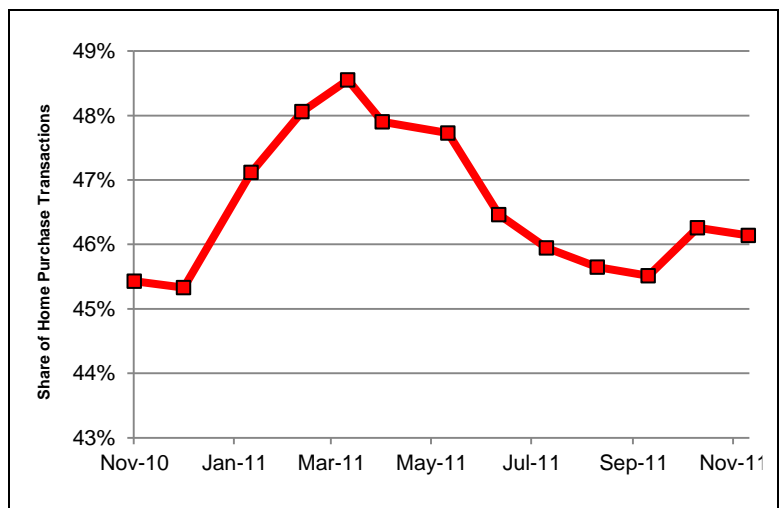
Short sales were the largest segment of the distressed property market during the month of November, accounting for 17.6% of total home purchase transactions tracked in the *HousingPulse* survey. Move-in ready REO was the next largest group of distressed properties with a 15.2% share, followed by damaged REO with a 13.3% share of total transactions. Non-distressed home purchases accounted for the remaining 53.9% of home purchases in November.

Average pricing for distressed property was substantially lower than for non-distressed property. The average short sale sold for \$209,200 in November, while the average move-in ready REO sold for \$189,700. Damaged REO sold for far lower at \$98,600. At the same time, non-distressed properties sold for \$258,900.

Change in Distressed Property Market Share

The *HousingPulse* Distressed Property Index (DPI) shows that the share of home purchases involving distressed properties, based on a 3-month rolling average, remained above 40% in November.

Source:
Campbell/Inside Mortgage Finance HousingPulse Tracking Survey



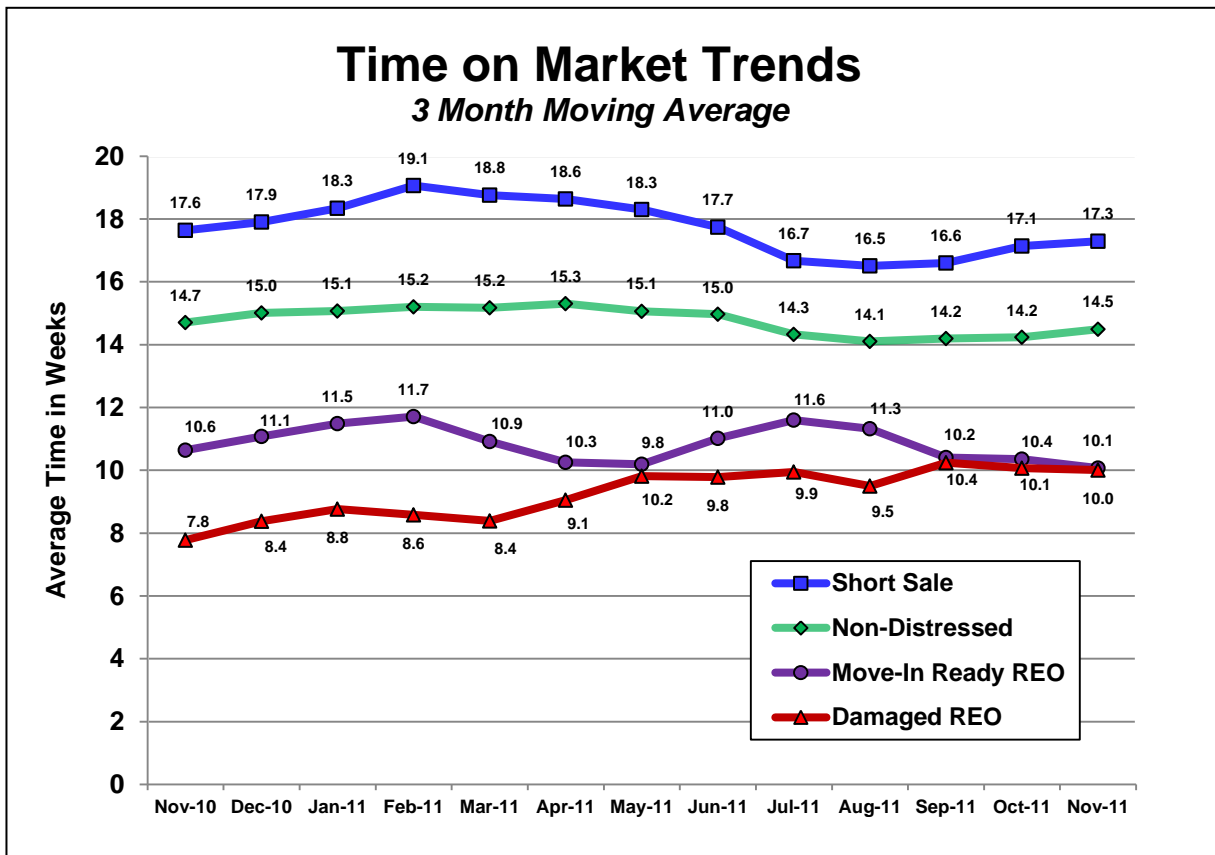
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The appraisal system for mortgage originations uses comparative values from both distressed and non-distressed properties, with appraisers often not knowing the interior condition of foreclosed homes or the special circumstances of short sales.

Prices agreed-to in purchase and sales contracts are sometimes not being supported by appraisals for mortgage financing that use faulty comparative values. These properties then sell to cash buyers for less, causing declines in average home prices.

Real estate agents responding to this month's *HousingPulse* survey commented on the appraisal system and how the low prices for distressed properties impact overall home prices.

"The foreclosure/short sale markets are making it difficult to get non-distressed homes to appraise. This is holding off a market comeback in my area," reported an agent in Maryland.



"We could sell the homes for more but the appraisals are an issue since they are using short sales and foreclosures as comps," explained an agent in Florida.

"Given the multiple offers and the short time on the market, one would expect that prices would be on the increase; however, appraisal guidelines are holding it back," complained an agent located in Michigan.

The *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey* involves approximately 2,500 real estate agents nationwide each month and provides up-to-date intelligence on home sales and mortgage usage patterns.

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

[December 2011 HousingPulse Audio File](#)

Residential Real Estate Pricing and Commission Metrics

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

Average Listing Side Commissions	2011 Year to Date			
	Damaged	Move-In Ready	Short Sale	Non-Distressed
<u>Region</u>	<u>REO</u>	<u>REO</u>	<u>Short Sale</u>	<u>Distressed</u>
AZ & NV	2.65%	2.53%	2.90%	2.78%
California	2.47%	2.50%	2.82%	2.66%
Farmbelt	2.68%	2.80%	2.88%	2.92%
Florida	2.73%	2.82%	2.89%	2.90%
Industrial Midwest	2.69%	2.76%	2.89%	2.84%
Northeast	2.68%	2.74%	2.84%	2.76%
Oil Producing	2.79%	2.69%	2.91%	2.79%
Pacific NW	2.78%	2.69%	2.80%	2.77%
Rocky Mountain	2.68%	2.74%	2.92%	2.73%
South	2.75%	2.64%	2.90%	2.80%
National Average	2.69%	2.68%	2.87%	2.80%

Average Buy Side Commissions	2011 Year to Date			
	Damaged	Move-In Ready	Short Sale	Non-Distressed
<u>Region</u>	<u>REO</u>	<u>REO</u>	<u>Short Sale</u>	<u>Distressed</u>
AZ & NV	2.88%	2.90%	2.79%	2.92%
California	2.73%	2.77%	2.71%	2.70%
Farmbelt	2.79%	2.87%	2.73%	2.77%
Florida	2.86%	2.86%	2.86%	2.94%
Industrial Midwest	2.87%	2.86%	2.81%	2.85%
Northeast	2.74%	2.69%	2.69%	2.66%
Oil Producing	2.86%	2.89%	2.86%	2.93%
Pacific NW	2.77%	2.84%	2.73%	2.81%
Rocky Mountain	2.86%	2.88%	2.79%	2.85%
South	2.88%	2.89%	2.85%	2.87%
National Average	2.83%	2.85%	2.78%	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	\$120,003	\$170,303	\$173,001	\$247,834
California	\$203,618	\$274,488	\$301,190	\$444,699
Farmbelt	\$75,646	\$136,991	\$161,036	\$201,224
Florida	\$84,488	\$155,823	\$153,236	\$245,320
Industrial Midwest	\$60,639	\$113,306	\$136,641	\$204,813
Northeast	\$146,411	\$295,458	\$232,080	\$327,816
Oil Producing	\$66,851	\$150,284	\$159,930	\$209,096
Pacific NW	\$107,134	\$234,574	\$255,663	\$321,266
Rocky Mountain	\$149,109	\$171,828	\$191,836	\$246,136
South	\$79,779	\$156,464	\$191,169	\$222,129
National Average	\$102,149	\$182,687	\$199,718	\$259,661

HousingPulse Regional Map

