

HOUSING TRENDS UPDATE

November 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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Low Prices, Strong Rental Demand Attract More Investors, Latest *HousingPulse* Finds

Low home prices and strong demand for rental properties are causing a surge in investor buying, according to the latest *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey*.

Investor purchases hit 22.3% of closed transactions for the month of October, up from just 19.6% as recently as July. For the past three months, investor participation has exceeded 20%, continuing a long-term trend of increased investor interest in the housing market.

A combination of low home prices and growing demand for rental units make purchasing damaged Real Estate Owned (REO), fixing up the properties, and then collecting monthly rents, an attractive financial play. In October, average prices for damaged REO hit \$101,100, the lowest price recorded in two years. In contrast, home prices for non-distressed residential properties averaged \$266,700 in October.

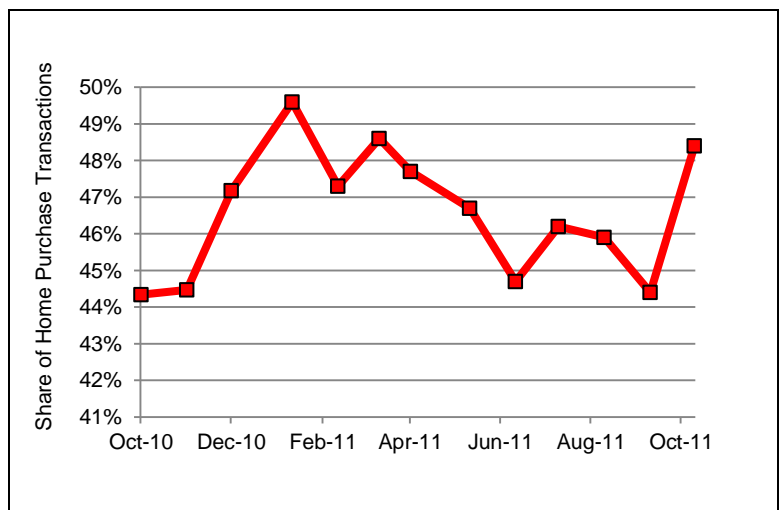
One factor pushing down average home prices overall is the high proportion of distressed properties found in today's housing market. The total proportion of distressed home sales, as represented by the *HousingPulse* Distressed Property Index (DPI), rose a full 4 percentage points to 48.4% in October, up from 44.4% in September.

Meanwhile, the gap between the supply of distressed properties and their absorption by first-time homebuyers widened to 13.7 percentage points in October, from a reading of 8.8 percentage points in September. This shows that first-time homebuyers have become less active in the distressed property housing market.

Change in Distressed Property Market Share

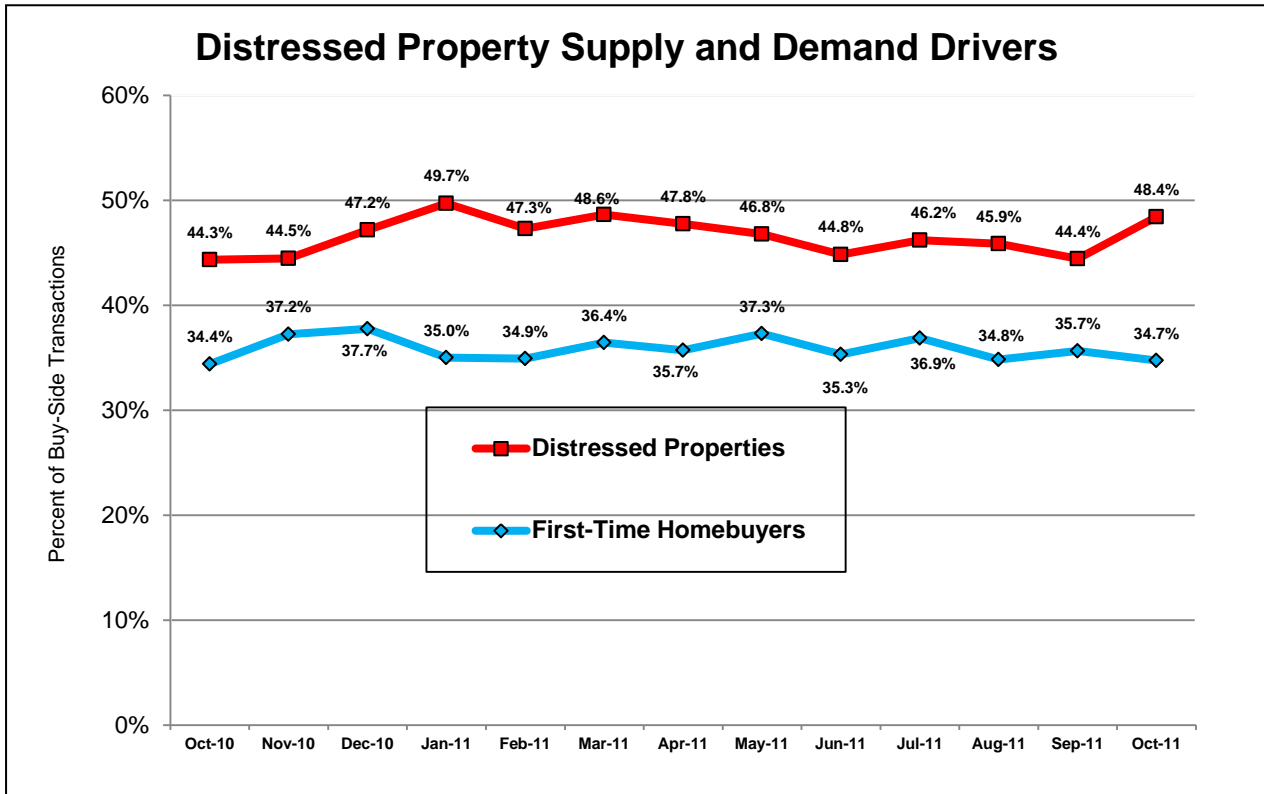
The latest *HousingPulse* Distressed Property Index (DPI) shows that the share of home purchases involving distressed properties rose significantly last month.

Source:
Campbell/Inside Mortgage Finance HousingPulse Tracking Survey



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Demand for rental units remains strong. Campbell Surveys estimates that 61.6% of investor properties purchased during the month of October will be rented out, with the remainder being flipped.



“Investors are prominent in the city of Las Vegas. They both flip and rent and buy properties in bulk. Renting single family homes is an extremely viable option and seems to be a growing trend in the valley with the decreasing of prices. Our inventory is dropping so we are seeing more investors becoming aggressive with their offers,” reported a real estate agent from Nevada in the latest *HousingPulse*.

“Given the current conditions in the market here locally, many of the investors are purchasing homes to rent until the market turns around then possibly looking to sell in a few years. Yes, at this point renting homes is a better option than flipping because the gap between what an investor can buy a house, fix it and flip it does not cover the cost of re-selling it,” added an agent from California.

“The rental needs are great, and since no one can GET a mortgage, fix and flips are dying,” observed an agent in Colorado.

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

[November 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	96%	99%	95%	93%
California	97%	98%	96%	96%
Farmbelt	88%	97%	92%	94%
Florida	94%	97%	91%	93%
Industrial Midwest	92%	93%	91%	94%
Northeast	93%	95%	93%	94%
Oil Producing	90%	97%	92%	96%
Pacific NW	98%	96%	96%	96%
Rocky Mountain	91%	96%	92%	95%
South	88%	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	2.61%	2.50%	2.91%	2.79%
California	2.49%	2.52%	2.82%	2.66%
Farmbelt	2.68%	2.80%	2.87%	2.91%
Florida	2.73%	2.82%	2.88%	2.91%
Industrial Midwest	2.69%	2.80%	2.88%	2.85%
Northeast	2.68%	2.75%	2.84%	2.76%
Oil Producing	2.78%	2.68%	2.92%	2.78%
Pacific NW	2.79%	2.69%	2.79%	2.77%
Rocky Mountain	2.67%	2.75%	2.92%	2.74%
South	2.72%	2.65%	2.89%	2.82%
National Average	2.68%	2.69%	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	2.86%	2.90%	2.79%	2.92%
California	2.72%	2.77%	2.71%	2.70%
Farmbelt	2.80%	2.88%	2.73%	2.77%
Florida	2.87%	2.86%	2.86%	2.94%
Industrial Midwest	2.86%	2.87%	2.80%	2.85%
Northeast	2.74%	2.71%	2.68%	2.65%
Oil Producing	2.85%	2.89%	2.85%	2.93%
Pacific NW	2.77%	2.84%	2.73%	2.81%
Rocky Mountain	2.86%	2.89%	2.79%	2.86%
South	2.89%	2.90%	2.86%	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	\$103,693	\$172,628	\$173,993	\$251,113
California	\$197,053	\$260,878	\$304,766	\$445,829
Farmbelt	\$69,070	\$136,186	\$164,191	\$200,746
Florida	\$85,503	\$150,253	\$152,788	\$247,082
Industrial Midwest	\$61,767	\$110,342	\$140,630	\$203,928
Northeast	\$145,983	\$290,599	\$232,255	\$333,874
Oil Producing	\$68,044	\$154,227	\$158,555	\$206,919
Pacific NW	\$102,588	\$236,322	\$263,515	\$331,808
Rocky Mountain	\$152,910	\$177,458	\$194,710	\$245,737
South	\$82,588	\$155,118	\$192,645	\$222,340
National Average	\$100,263	\$179,581	\$201,076	\$260,515

HousingPulse Regional Map

